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Where Pursuit of Excellence is a way of Life

The will to win is strong and urgent in all ITC endeavours. This year, the Company continued to receive tributes for its performance, providing added impetus to its pursuit of excellence. The 'Benchmark Supplier of the Year' status for the India Tobacco Division, the 'Rajiv Gandhi Award for Quality' for the Indian Leaf Tobacco Development Division, the 'World Star Awards' for the Packaging & Printing Division, to name a few, have served to reinforce ITC's enduring commitment to the consumer.





NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighty-Seventh Annual General Meeting of the Members of I.T.C. Limited will be held at Science City, Main Auditorium, East Topsia Road, P.O. G. K. Road, Calcutta 700 046, on Wednesday, the 12th day of August, 1998 at 10.00 a.m. for the transaction of the following businesses :-

ORDINARY BUSINESS

1. To consider and adopt the Accounts of the Company for the financial year ended 31st March, 1998, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the financial year ended 31st March, 1998.
3. To elect Directors in place of those retiring by rotation.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution :-

"Resolved that Messrs. A.F. Ferguson & Co., Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting at a remuneration of Rs. 40,00,000/- plus out-of-pocket expenses incurred."

SPECIAL BUSINESS

5. To appoint Shri Antonio Americo De Figueiredo Rodrigues, an Additional Director of the Company, who vacates office at this Meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which due Notice under Section 257 of the Companies Act, 1956, has been received by the Company, Shri Rodrigues having filed with the Company his consent to act as Director, if appointed, as required under Section 264 (1) of the Companies Act, 1956 :-

"Resolved that Shri Antonio Americo De Figueiredo Rodrigues be and is hereby appointed a Director of the Company for a period of three years from the date of this Meeting, whose period of office shall be liable to determination by retirement of Directors by rotation."

6. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution :-

"Resolved that, in accordance with the applicable provisions of the Companies Act, 1956 or any amendment or modification thereof, consent be and is hereby accorded to modification in the terms of remuneration paid or payable to the Wholtime Directors of the Company, effective from 1st April, 1998, as set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, a copy whereof initialled by the Chairman for identification is placed before this Meeting."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution :-

"Resolved that, in accordance with the applicable provisions of the Companies Act, 1956 or any amendment or modification thereof, this Meeting hereby approves the re-appointment of and the remuneration payable to Shri Yogesh Chander Deveshwar as a Wholtime Director and Chairman of the Company for a period of three years from 20th July, 1999 to 19th July, 2002, as set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, a copy whereof initialled by the Chairman for identification is placed before this Meeting."

8. To consider and, if thought fit, to pass the following resolutions which will be proposed as Special Resolutions :-

- (a) "Resolved that, subject to such approvals as may be necessary, the Directors of the Company other than the Wholtime Directors be paid for the financial year ended 31st March, 1998, in modification of the

earlier Resolution approved by the Members of the Company on 20th July, 1994 under Section 309(4) of the Companies Act, 1956, an amount not exceeding one per cent of the net profits of the Company and computed in the manner referred to in Section 198(1) of the Companies Act, 1956, to be divided amongst the Directors aforesaid provided that none of the Directors aforesaid shall receive individually a sum exceeding Rs. 2,00,000/-."

- (b) "Resolved that, subject to such approvals as may be necessary, the Directors of the Company other than the Wholtime Directors be paid annually for each of the three financial years of the Company commencing from 1st April, 1998 an amount not exceeding one per cent of the net profits of the Company, as provided under Section 309(4) of the Companies Act, 1956 or any amendment or modification thereof and computed in the manner referred to in Section 198(1) of the Companies Act, 1956 or any amendment or modification thereof, to be divided amongst the Directors aforesaid in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally provided that none of the Directors aforesaid shall receive individually for a financial year a sum exceeding Rs. 2,00,000/-."
 - (c) "Resolved that, subject to such approvals as may be necessary, the Directors of the Company other than the Wholtime Directors be provided individually Personal Accident Insurance Coverage, the annual premium for which shall not exceed Rs.10,000/- per Director."
9. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution :-
- "Resolved that, pursuant to the provisions of Section 17 of the Companies Act, 1956, Clause 3 of the Memorandum of Association of the Company be and is hereby altered in the manner following, that is to say :-
- (i) the words 'including the business of buying, selling, owning, operating and maintaining, taking on or giving out on lease or licence, of hotels and resorts of all kinds, including sports resorts, fun parks, restaurants, holiday resorts, rest-houses, entertainment, recreational and amusement centres, health farms and spas, farm houses; town houses, service apartments, health clubs, golf courses and villas, swimming pools and water sport facilities, beach resorts, shopping malls and plazas, convention centres, exhibition venues, business centres and conveniences of all kinds and descriptions' be inserted after the words 'blenders and bottlers' in the last line of sub-clause (a)(i) of Clause 3 thereof; and
 - (ii) the words 'and to carry on the business of retailing by setting up of retail outlets, departmental stores, super stores, super markets, boutiques, shopping malls and plazas and other outlets of all kinds and descriptions' be inserted after the words 'gloves, hosiery' in the last line of sub-clause (a)(ii) of Clause 3 thereof."
10. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution :-
- "Resolved that, in accordance with the provisions of Section 149(2A) of the Companies Act, 1956, the Company hereby approves the commencement of any or all such new businesses as have been incorporated in sub-clauses (a)(i) and (a)(ii) of Clause 3 of the Memorandum of Association of the Company as altered."
11. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution :-
- "Resolved that, pursuant to Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 or any amendment or modification thereof and subject to such other approvals as may be necessary, consent be and is hereby accorded to the Company to sell, lease, licence or otherwise deal with the Hotels of the Company, including Hotels that may be acquired in future by the Company by way of purchase, lease, licence or in any manner whatsoever and that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, including but not limited to, execution of agreements, contracts and all other documents, as it may, in its absolute discretion, deem necessary or expedient, to give effect to this Resolution."



The Register of Members of the Company shall remain closed from 15th July, 1998 to 12th August, 1998, both days inclusive. Share Transfers received in order at the Investor Service Centre, 37 Chowringhee, Calcutta 700 071, by 5.30 p.m. on 14th July, 1998 will be in time to be passed for payment of dividend, if declared, to the transferees or to their mandatees and the dividend, if declared, will be paid on or after 7th September, 1998 to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 12th August, 1998, or to their mandatees, subject however to the provisions of Section 206A of the Companies Act, 1956 or any amendment or modification thereof.

Dated : 22nd May, 1998.

Registered Office :

Virginia House
37 Chowringhee
Calcutta 700 071
India.

By Order of the Board

I.T.C. LIMITED

B.B.CHATTERJEE

Executive Vice President &
Company Secretary

NOTES :

1. A Member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company.

Proxies, in order to be effective, must be received at the Investor Service Centre, 37 Chowringhee, Calcutta 700 071, not less than forty-eight hours before the commencement of this Annual General Meeting i.e. by 10.00 a.m. on 10th August, 1998.

2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at this Annual General Meeting is attached.
3. In accordance with the provisions of Article 91 of the Articles of Association of the Company, Shri Kumbakonam Padmanabha Narasimhan, Shri Yogesh Chander Deveshwar, Dr. Basudeb Sen and Shri Pillutla Venkata Narasimham will retire by rotation at this Annual General Meeting and, being eligible, offer themselves for re-election.
4. Members are requested to bring the admission slips alongwith their copies of the Report and Accounts to the Meeting.
5. Members are requested to contact the Investor Service Centre with regard to any share related matter.
6. Members are requested to notify any change in their address/mandate/ bank details immediately to the Investor Service Centre.
7. Members who have not forwarded the details of their bank account number earlier are requested again in their own interest to send the same to the Investor Service Centre quoting their Folio Number(s).
8. Pursuant to Section 205A(5) of the Companies Act, 1956, all dividends up to the financial year ended 31st March, 1994, which remained unpaid or unclaimed, have been transferred to the General Revenue Account of the Central Government. Members concerned are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Palace, 234/4, Acharya Jagadish Chandra Bose Road, Calcutta 700 020. In case any assistance is required, please write to the Investor Service Centre.
9. Members who have multiple accounts in identical names or joint accounts in the same order are requested to send their share certificate(s) to the Investor Service Centre for consolidation of all such shareholdings into one account to facilitate better service.



EXPLANATORY STATEMENT

Attached to the Notice convening the Eighty-Seventh Annual General Meeting to be held on 12th August, 1998.

Item No. 5

Shri Antonio Americo De Figueiredo Rodrigues was appointed on 19th December, 1997 an Additional Non-Executive Director of the Company in terms of Section 260 of the Companies Act, 1956.

Shri Rodrigues vacates his office at this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. Due notice under Section 257 of the Companies Act, 1956, has been received from a Member, proposing the appointment of Shri Rodrigues as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation. Requisite consent has been filed by Shri Rodrigues, pursuant to the provisions of Section 264(1) of the Companies Act, 1956, to act as such Director, if appointed.

None of the Directors of your Company, other than Shri Rodrigues, is interested in this Resolution.

The Board of Directors of your Company recommends this Resolution for your approval.

Item No. 6

At the Extraordinary General Meeting of the Company held on 9th January, 1998, the Members approved, inter alia, the remuneration/variation in remuneration of the Wholetime Directors of the Company.

The Remuneration Committee of the Board of Directors re-examined the area of perquisites of the Wholetime Directors, inter alia, to make the remuneration structure clearer and more comprehensive besides bringing it in line with the prevailing trends in the corporate sector in India and recommended variation in the perquisites of the Wholetime Directors, as detailed below, retaining the monetary limit on perquisites at Rs. 4,50,000/- per annum for each Wholetime Director.

Based on the recommendation of the Remuneration Committee, the Board of Directors of your Company at its meeting held on 22nd May, 1998 approved, subject to the approval of the Members, modification in the terms of remuneration paid/payable to the Wholetime Directors of your Company, viz. Sarvashri Yogesh Chander Deveshwar, Saurabh Misra, Biswadev Mitter, Sahibzada Syed Habib-ur-Rehman and Anup Singh, with effect from 1st April, 1998, for the residual period of their respective terms of appointment, by substituting the following in lieu of Part III 'Perquisites' as set out in the Explanatory Statement to Item Nos. 2, 3 & 4 of the Notice of the Extraordinary General Meeting of the Company held on 9th January, 1998 :-

"(III) Perquisites – In addition to the aforesaid consolidated salary and commission, each Wholetime Director shall be entitled to perquisites like gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. in accordance with the Rules of the Company, the monetary value of such perquisites being limited to Rs. 4,50,000/- per annum, for the purposes of which limit perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in absence of any such Rule, perquisites shall be evaluated at actual cost. However, the following shall not be included in the aforesaid perquisite limit :-

- (a) Rent free accommodation owned/leased/rented by the Company, or Housing Allowance in lieu thereof, as per the Rules of the Company.
- (b) Contribution to Provident Fund and Superannuation Fund up to 27% of salary and contribution to Gratuity Fund up to 8.33% of salary as defined in the Rules of the respective Funds, or up to such other limit as may be prescribed under the Income Tax Act, 1961 and the Rules thereunder for this purpose.
- (c) Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls).
- (d) Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service.



- (e) Long service award as per the Rules of the Company.
- (f) Costs and expenses incurred by the Company in connection with joining/transfer from one location to another of the Company or its affiliates/associates as per the Rules of the Company."

The consolidated salary and commission of the Wholetime Directors of the Company as approved by the Members on 9th January, 1998, and stated below, remain unchanged :-

(I) **Consolidated Salary**

Shri Y. C. Deveshwar (Chairman)	Rs. 3,50,000/- per month.
Shri S. Misra (Deputy Chairman)	Rs. 2,25,000/- per month.
Shri B. Mitter	Rs. 1,75,000/- per month.
Shri S. S. H. Rehman	Rs. 1,25,000/- per month.
Shri A. Singh	Rs. 1,25,000/- per month.

- (II) **Commission based on net profits** - For the financial year ending 31st March, 1998 and thereafter, such commission as may be determined by the Board of Directors but not exceeding 20% of consolidated salary.

The aggregate of the remuneration and perquisites/benefits including contribution towards Provident Fund, Superannuation Fund and Gratuity Fund, payable to all the Wholetime Directors of the Company taken together shall not exceed 10% of the profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

Sarvashri Y. C. Deveshwar, S. Misra, B. Mitter, S. S. H. Rehman and A. Singh are interested individually in the Resolution so far as the same relates to variation in the terms of their remuneration. No other Director of your Company is interested in the Resolution.

The Board of Directors of your Company recommends this Resolution for your approval.

This should be considered also as an abstract of variation in the terms of remuneration of the aforesaid Wholetime Directors and a memorandum as to the nature of the concern or interest of the Directors in the said variation as required under Section 302 of the Companies Act, 1956.

Item No. 7

At the Annual General Meeting of the Company held on 20th July, 1994, Shri Yogesh Chander Deveshwar was appointed a Wholetime Director and Vice-Chairman for a period of five years. Shri Deveshwar was appointed Chairman of your Company with effect from 1st January, 1996. His present term as a Wholetime Director would expire on 19th July, 1999.

The Board of Directors of your Company at its meeting held on 22nd May, 1998 approved, subject to the approval of the Members of the Company, the re-appointment of Shri Deveshwar as a Wholetime Director and Chairman of the Company for a further period of three years from 20th July, 1999 to 19th July, 2002.

The Board of Directors at the said meeting also approved that for the aforesaid period of re-appointment as Chairman and Wholetime Director, Shri Deveshwar shall be entitled to, subject to the approval of the Members, in pursuance of the provisions of Schedule XIII and other applicable provisions of the Companies Act, 1956, remuneration to be determined by the Board of Directors of the Company on the recommendation of the Remuneration Committee, such remuneration not being lower than his current remuneration as stated below, which he shall continue to draw



until revised by the Board of Directors :-

- (I) **Consolidated Salary** – Rs. 3,50,000/- per month.
- (II) **Commission based on net profits** – For each financial year, such commission as may be determined by the Board of Directors but not exceeding 20% of consolidated salary.
- (III) **Perquisites** – In addition to the aforesaid consolidated salary and commission, Shri Deveshwar shall be entitled to perquisites like gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. in accordance with the Rules of the Company, the monetary value of such perquisites being limited to Rs. 4,50,000/- per annum, for the purposes of which limit perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such Rule, perquisites shall be evaluated at actual cost. However, the following shall not be included in the aforesaid perquisite limit :-
 - (a) Rent free accommodation owned/leased/rented by the Company, or Housing Allowance in lieu thereof, as per the Rules of the Company.
 - (b) Contribution to Provident Fund and Superannuation Fund up to 27% of salary and contribution to Gratuity Fund up to 8.33% of salary as defined in the Rules of the respective Funds, or up to such other limit as may be prescribed under the Income Tax Act, 1961 and the Rules thereunder for this purpose.
 - (c) Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls).
 - (d) Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service.
 - (e) Long service award as per the Rules of the Company.
 - (f) Costs and expenses incurred by the Company in connection with joining/transfer from one location to another of the Company or its affiliates/associates as per the Rules of the Company.

The aggregate of the remuneration and perquisites/benefits including contribution towards Provident Fund, Superannuation Fund and Gratuity Fund, payable to Shri Deveshwar alongwith that of all the other Wholtime Directors of the Company taken together shall not exceed 10% of the profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

None of the Directors of your Company, other than Shri Deveshwar, is interested in this Resolution.

The Board of Directors of your Company recommends this Resolution for your approval.

This should be considered also as an abstract of the terms of re-appointment of Shri Deveshwar as Chairman and Wholtime Director of the Company and a memorandum as to the nature of the concern or interest of the Directors in the said re-appointment, as required under Section 302 of the Companies Act, 1956.

Item No. 8

At the Annual General Meeting of the Company held on 20th July, 1994, the Members approved payment of remuneration to the Non-Executive Directors of the Company for a period of five financial years commencing from 1st April, 1993. Such approval of the Members covered payment of remuneration to the Non-Executive Directors up to and including the financial year ended 31st March, 1998.

In order to bring the remuneration of the Non-Executive Directors of your Company in line with the current trends and commensurate with the time devoted and the contribution made by them, the Board of Directors of your Company proposes that the remuneration of the Non-Executive Directors be varied for the financial year ended 31st March, 1998 as set out in the Special Resolution at (a) under this item. Such variation in remuneration being in modification of the Resolution passed for this purpose by the Members at the Annual General Meeting of the



Company held on 20th July, 1994, would require the approval of the Members and the Central Government under Section 310 of the Companies Act, 1956.

The Board of Directors also proposes for the approval of the Members, payment of remuneration to the Non-Executive Directors for a further period of three years from 1st April, 1998 to 31st March, 2001 as set out in the Special Resolution at (b) under this item.

The Board of Directors further proposes, as a measure of security and comfort, that the Non-Executive Directors be provided Personal Accident Insurance Coverage, in line with the Coverage taken for the Wholetime Directors, the annual premium for which shall not exceed Rs. 10,000/- for each Non-Executive Director. The Special Resolution at (c) under this item is intended for this purpose.

The aforesaid proposals were approved by the Board of Directors of your Company at its Meeting held on 22nd May, 1998, subject to the approval of the Members and such other approvals as may be required.

Only the Non-Executive Directors of the Company may be deemed to be interested or concerned in these Special Resolutions.

The Board of Directors of your Company recommends these Special Resolutions for your approval.

Item No. 9

The trademarks of your Company enjoy enormous goodwill and substantial consumer franchise. This goodwill has been built over decades and represents an enormous accumulated investment. In a highly competitive globalising environment, the cost of building new trademarks is prohibitive and it is believed that the existing trademarks could be usefully deployed in creating new businesses.

While the proposed lines of business as enumerated in the proposed Special Resolution are related to the lines of business as covered under existing Clauses 3(a)(i) and 3(a)(ii) of the Memorandum of Association of the Company respectively, extension into these areas of business activity will necessitate alteration of the Objects Clause i.e. Clause 3 of the Memorandum of Association of the Company.

Section 17 of the Companies Act, 1956, stipulates that the objects clause of the memorandum of association of a company can be altered only by special resolution passed by the members of the company. The Special Resolution is proposed accordingly.

The Board of Directors is of the view that the new businesses contemplated by the proposed Special Resolution can be combined with the businesses of the Company conveniently and advantageously.

None of the Directors of your Company is interested in this Special Resolution.

The Board of Directors of your Company recommends this Special Resolution for your approval.

A copy of the Memorandum of Association of the Company together with the proposed amendments will be available for inspection by the Members of the Company at the Registered Office during normal business hours on any working day up to the date of the Annual General Meeting.

Item No. 10

Consequent upon the alteration of the Objects Clause of the Memorandum of Association for the enlargement of the business activities of your Company, as envisaged in the proposed Special Resolution under Item No. 9 of the convening Notice, the approval of the Members by a Special Resolution is necessary pursuant to the provisions of Section 149(2A) of the Companies Act, 1956 to commence the new business activities. The Special Resolution is proposed accordingly.

None of the Directors of your Company is interested in this Special Resolution.

The Board of Directors of your Company recommends this Special Resolution for your approval.

**Item No. 11**

One of the strategies of your Company is to achieve a leadership position in the Hotels business which offers attractive opportunities for long term growth and enhancement of shareholder value. Towards this objective it would be necessary for the Company to also buy and sell Hotels, wholly or partly, when opportunities arise. Timely response to opportunities will assist in building a portfolio of contemporary Hotel properties and thereby assist sustained competitiveness.

The Objects Clause of the Memorandum of Association of your Company is being enlarged, as indicated in the proposed Special Resolution under Item No. 9 of the convening Notice, inter alia, to enable it to extend its activities into the area of buying and selling of Hotel properties.

At the Annual General Meeting of the Company held on 20th July, 1994, the approval of the Members had been obtained, as a measure of abundant caution, for licensing of Welcomgroup Maurya Sheraton Hotel & Towers, New Delhi, Welcomgroup Chola Sheraton, Chennai and Welcomgroup Mughal Sheraton, Agra, to ITC Hotels Ltd., a subsidiary of your Company and the Members were informed that, as and when considered expedient, proposals for sale of Hotels shall be placed for their approval.

According to Section 293(1)(a) of the Companies Act, 1956, approval of the Members of the Company will be necessary to sell, lease or otherwise dispose of the whole or substantially the whole of any or all of the undertakings of the Company. The Resolution is proposed accordingly.

The Directors of your Company who may be on the Board of Directors of the concerned companies or may have shareholding therein, at the relevant time, may be deemed to be concerned or interested in this Resolution.

The Board of Directors of your Company recommends this Resolution for your approval.

Dated : 22nd May, 1998.
Registered Office :
Virginia House
37 Chowringhee
Calcutta 700 071
India.

By Order of the Board
I.T.C. LIMITED
B. B. CHATTERJEE
Executive Vice President &
Company Secretary