



25TH ANNUAL REPORT 1997-98

Indo National Limited

Technology from
National Panasonic - Japan



INDO NATIONAL LIMITED

MD				BKC	
CS				DPY	
RO				DIV	
TRA				AC	
AGM				SHI	
YE					

CONTENTS

Organisation	. . .	2
Notice of Annual General Meeting	. . .	3
Directors' Report	. . .	10
Annexures to Directors' Report		
A. Conservation of energy, technology absorption, foreign exchange, etc. u/s 217 (1) of the Companies Act, 1956	. . .	12
B. Particulars of Employees u/s 217 (2A) of the Companies Act, 1956	. . .	13
Auditors' Report	. . .	14
Balance Sheet	. . .	16
Profit and Loss Account	. . .	17
Schedules to Accounts	. . .	18
Notes on Accounts	. . .	24

INDO NATIONAL LIMITED

BOARD OF DIRECTORS

P.Obul Reddy

Chairman and Managing Director

K. Ishimoto

Joint Managing Director

S.R. Jiwarajka

Joint Managing Director

H. Uchida

Wholetime Director

Saburo Abe

K. Sakakibara

V.R. Gupte (ICICI Nominee)

SECRETARY

S. Venkataraman

AUDITORS

P. Srinivasan & Co.

Chartered Accountants

21, North Crescent Road

T. Nagar

Chennai - 600 017

BANKERS

Indian Bank

The Bank of Tokyo - Mitsubishi, Ltd.

Canara Bank

State Bank of Travancore

SOLICITORS

Matubhai Jamietram

Lentin Chambers

Dalal Street, Fort

Mumbai - 400 001

REGISTERED AND ADMINISTRATIVE OFFICE

No. 35, Nungambakkam High Road

IV Floor, Nungambakkam

Chennai - 600 034

FACTORIES

Andra Kesari Nagar

Nellore - 524 004

(Andhra Pradesh)

Tada Village

Nellore District - 524 401

(Andhra Pradesh)

INDO NATIONAL LIMITED

Registered Office : 'Pottipati Plaza', No. 35, Nungambakkam High Road,
IV Floor, Nungambakkam, Chennai - 600 034

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER
AT THE ENTRANCE OF THE MEETING HALL

Name in full.....

Folio No.....

I certify that I am a Shareholder of the Company and hold shares. I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company held at Sindoori Hotels, 24, Grems Lane, Chennai - 600 006 on Friday the 31st July, 1998.

*Please indicate whether Member or Proxy

Signature of the shareholder or Proxy*

INDO NATIONAL LIMITED

Registered Office : 'Pottipati Plaza', No. 35, Nungambakkam High Road,
IV Floor, Nungambakkam, Chennai - 600 034

PROXY FORM

Folio No.

I/We of
in the district of being a Member(s)
of the above named Company hereby appoint Mr./Ms.
of in the district of or failing him
Mr of in the district
of as my/our Proxy to attend and vote
for me/us on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on Friday the
31st July, 1998 and at every adjournment thereof.

Signed this day of 1998

Affix
1 Rupee
Revenue
Stamp

Note : Any member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member. The form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.



INDO NATIONAL LIMITED**NOTICE**

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of INDO NATIONAL LIMITED, will be held at SINDOORI HOTEL, No.24 Greams Lane, Greams Road, Chennai - 600006, on Friday, the 31st July, 1998 at 10.15 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet of the Company as at March 31, 1998 and the Profit and Loss Account for the year ended that date together with the report of the Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Mr.K. Sakakibara, who retires by rotation under Article 147 of the Articles of Association of the Company and as per applicable provisions of the Companies Act 1956, and who, being eligible offers himself for reappointment.
4. To appoint Auditors in the place of retiring Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. Saburo Abe, in respect of whom, the Company has received a notice in writing u/s 257 of the Companies Act, 1956, from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company."
6. To increase the remuneration payable to Mr. P. Obul Reddy, Chairman & Managing Director.

To consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL RESOLUTION:

"RESOLVED THAT Pursuant to Sections 198, 309, 310 and other applicable provisions of the Companies Act 1956, the increase in remuneration payable to Mr. P. Obul Reddy, Managing Director, be and is hereby approved as follows with effect from November 1, 1997 and that will however be subject to the overall limits as prescribed in Sections I & II of Part II of Schedule XIII to the Companies Act, 1956.

Salary : Rs.2,00,000/- (Rupees Two lakhs only) per month.

Commission : 1% of the net profits of the Company.

Perquisites

- a) Medical Reimbursement : Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- b) Leave Travel Concession : For self and family once a year as per the rules of the Company.
- c) Club Fees: Fees of Clubs subject to a maximum of two clubs, admission and life membership not being allowed.
- d) Personal Accident Insurance : Annual Premium payable by the Company, not exceeding Rs.4,000/-.
- e) Company's contribution towards Provident Fund: As per the rules of the Company, but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.

- f) Company's contribution to Superannuation Fund: As per the rules of the Company but not exceeding 15% of the salary as laid down under the Income Tax Rules, 1962.
- g) Gratuity: One half month's salary for each completed year of service.
- h) Encashment of leave at the end of tenure as per the rules of the Company.
- i) Car: For use of Company's Business. Use of car for private purposes shall be billed by the Company to Mr. P. Obul Reddy.
- j) Telephone: Telephone facility at residence. Personal long distance calls shall be billed by the Company to Mr. P. Obul Reddy."

7. To consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL RESOLUTION:

"RESOLVED THAT Pursuant to Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act 1956, read with Schedule XIII to the Act and in accordance with the conditions thereof the reappointment of Mr. P. Obul Reddy as Managing Director, for a period of 4 years with effect from June 1, 1998 on the same remuneration as payable from November 1, 1997 be and is hereby approved."

8. To increase the remuneration payable to Mr. S.R. Jiwaraika, Joint Managing Director.

To consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL RESOLUTION:

"RESOLVED THAT Pursuant to Sections 198, 309, 310 and

INDO NATIONAL LIMITED

other applicable provisions of the Companies Act, 1956, the increase in remuneration payable to Mr. S.R. Jiwarajka, Joint Managing Director, be and is hereby approved as follows with effect from November 1, 1997 and that will however be subject to the overall limits as prescribed in Sections I & II of Part II of Schedule XIII to the Companies Act, 1956.

Salary : Rs.2,00,000/- (Rupees Two lakhs only) per month.

Commission : 1% of the net profits of the Company.

Perquisites

- a) Medical Reimbursement : Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- b) Leave Travel Concession : For self and family once a year as per the rules of the Company.
- c) Club Fees: Fees of Clubs subject to a maximum of two clubs, admission and life membership not being allowed.
- d) Personal Accident Insurance : Annual Premium payable by the Company, not exceeding Rs.4,000/-.
- e) Company's contribution towards Provident Fund: As per the rules of the Company, but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- f) Company's contribution to Superannuation Fund: As per the rules of the Company but not exceeding 15% of the salary as laid down under the Income Tax Rules, 1962.

g) Gratuity: One half month's salary for each completed year of service.

h) Encashment of leave at the end of tenure as per the rules of the Company.

i) Car: For use of Company's Business. Use of car for private purposes shall be billed by the Company to Mr. S.R. Jiwarajka.

j) Telephone: Telephone facility at residence. Personal long distance calls shall be billed by the Company to Mr. S.R. Jiwarajka."

9. To consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL RESOLUTION:

"RESOLVED THAT Pursuant to Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act 1956, read with Schedule XIII to the Act and in accordance with the conditions thereof the reappointment of Mr. S.R. Jiwarajka as Joint Managing Director, for a period of 4 years with effect from June 1, 1998 on the same remuneration as payable from November 1, 1997 be and is hereby approved."

10. To increase the remuneration payable to Mr. K. Ishimoto, Joint Managing Director.

To consider and if thought fit to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT Pursuant to Sections 198, 309, 310 and other applicable provisions of the Companies Act 1956, the increase in remuneration payable to Mr. K. Ishimoto, Joint Managing Director be and is hereby approved as follows with effect from November 1, 1997 and that

will however be subject to the overall limits as prescribed in Sections I & II of Part II of Schedule XIII to the Companies Act, 1956.

Salary : Rs.1,20,000/- (Rupees One lakh twenty thousands only) per month.

Commission : 1% of the net profits of the Company.

Perquisites

- a) Income-tax: Income-tax on the taxable amount of salary and perks to be borne by the Company for a period of four years from the date of appointment, as per the provisions of Income-tax Act, 1961.
- b) Rent free accommodation and maintenance thereof. Gas, Electricity and Water may be provided by the Company to be valued as per Income-tax Rules, 1962.
- c) Leave salary: One month's salary for every year of service.
- d) Club Fees: Fees of clubs subject to a maximum of two clubs.
- e) Personal Accident Insurance Premium to be paid in rupees and the policy will be taken out in India.
- f) Leave Passage benefits for self and family once in a year to Japan and back in business class or once a year to any place in India including return airfare.
- g) Holiday passages for children studying outside India/family staying abroad:

To and fro holiday passage once in a year by business class or once in two years by first class to children from place of study abroad to India and to the members of the family from the

INDO NATIONAL LIMITED

place of their stay abroad to India if they are not residing in India with the Joint Managing Director.

- h) Freight on his excess unaccompanied baggage to be borne when payable.
- i) Free Medical expenses (including surgical and hospitalisation for himself, wife and children) starting from the beginning of the financial year April 1, 1997.
- j) Reimbursement of all reasonable expenses made for travel for the business of the Company including stay at hotel and other expenses.
- k) Car/Free use of car, the monetary value of which may be valued as per the Income-tax Rules, 1962.
- l) Free telephone facility at residence.
- m) Reimbursement of entertainment, hotel and other expenses actually and properly incurred for the business of the Company."

11. To consider and if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION:

"RESOLVED THAT Pursuant to Sections 198, 269, 309 and other applicable provisions of the Companies Act 1956, read with Schedule XIII to the Act and in accordance with the conditions thereof the reappointment of Mr. H. Uchida as Wholtime Director, for the period from July 1, 1998 to June 30, 2001 on a remuneration as detailed below be and is hereby approved.

Salary : Rs.80,000/- (Rupees Eighty thousands only) per month.

Commission : Upto 1% of the net profits of the Company for each financial year or part thereof as may be decided by the Board of Directors.

Perquisites

- a) Rent free accommodation and maintenance thereof. Gas, Electricity and Water may be provided by the Company to be valued as per Income-tax Rules, 1962.
- b) Leave salary: One month's salary for every year of service.
- c) Club Fees: Fees of clubs subject to a maximum of two clubs.
- d) Personal Accident Insurance Premium to be paid in rupees and the policy will be taken out in India.
- e) Leave Passage benefits for self and family once in a year to Japan and back in business class or once a year to any place in India including return airfare.
- f) Holiday passages for children studying outside India/family staying abroad:
To and fro holiday passage once in a year by business class or once in two years by first class to children from place of study abroad to India and to the members of the family from the place of their stay abroad to India if they are not residing in India with the Wholtime Director.
- g) Freight on his excess unaccompanied baggage to be borne when payable.
- h) Free Medical expenses (including surgical and hospitalisation for himself, wife and children) starting from the beginning of the financial year April 1, 1997.
- i) Reimbursement of all reasonable expenses made for travel for the business of the Company including stay at hotel and other expenses.
- j) Car/Free use of car, the monetary value of which may be valued as per the Income-tax Rules, 1962.

- k) Free telephone facility at residence.

- l) Reimbursement of entertainment, hotel and other expenses actually and properly incurred for the business of the Company."

12. To consider and, if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs.2,50,00,000/- (Rupees Two Crores Fifty lakhs) divided into 25,00,000 (Twenty five lakhs) Equity Shares of Rs.10/- each to Rs.5,00,00,000/- (Rupees five crores) divided into 50,00,000 (Fifty lakhs) Equity Shares of Rs.10/- each by the creation of 25,00,000 (Twenty five lakhs) further Equity Shares of Rs.10/- each."

"FURTHER RESOLVED THAT Clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the words "The Share Capital of the Company is Rs.5,00,00,000/- (Rupees Five Crores) divided into 50,00,000 (Fifty lakhs) Equity Shares of Rs.10/- each" for the words "The Share Capital of the Company is Rs.2,50,00,000/- (Rupees Two Crores Fifty lakhs) divided into 25,00,000 (Twenty five lakhs) Equity Shares of Rs.10/- each."

13. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT the words "The Share Capital of the Company is Rs.5,00,00,000/- (Rupees Five crores) divided into 50,00,000 (Fifty lakhs) Equity Shares of

INDO NATIONAL LIMITED

Rs.10/- each" be substituted for the words "The Share Capital of the Company is Rs.2,50,00,000/- (Rupees Two Crores fifty lakhs) divided into 25,00,000 (Twenty five lakhs) Equity Shares of Rs.10/- each, in Clause 5(a) of the Articles of Association of the Company."

14. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT, a sum of Rs.1,87,50,000/- (Rupees One Crore Eighty Seven Lakhs and Fifty Thousands) being a part of undivided profits of the Company and standing to the credit of General Reserves as on 31st March 1998 be and the same is hereby capitalised and that accordingly subject to the provisions of Article 195 of the Articles of Association of the Company and further subject to the approvals of the Reserve Bank of India and any other appropriate authorities as may be necessary, the said sum of Rs.1,87,50,000/- (Rupees One crore Eighty Seven lakhs Fifty thousands) be and is hereby capitalised and set free and distributed in proportion in which such sum would have been divisible had the same been applied or been applicable in paying dividends, on the footing that the members become entitled thereto as Capital and not as income and on the condition that the same be not paid in cash, but by the issue of 18,75,000 (Eighteen lakhs seventy five

thousands) equity shares of Rs.10/- each credited as fully paid Bonus Shares to the members of the Company holding Equity Shares whose names stand on the Register of Members on such date as may be determined by the Board of Directors of the Company in consultation, with Madras Stock Exchange, in the ratio, of one equity share for every existing share held by them respectively, and that the Bonus Shares so distributed shall be treated for all purposes as an increase of the nominal amount of the Equity Capital of the Company and not as income, and that such Bonus Shares shall be issued upon and shall be subject to the following terms and conditions:

- a) The Bonus Shares to be issued as aforesaid shall be subject to the Memorandum and Articles of Association of the Company, and shall subject thereto, rank in all respects, *pari passu* with the existing equity shares, with a right, if the Directors so determine, to participate in any dividend to be declared after the date of allotment of these shares, even if such dividend, relates to the entire financial year of the Company in which they are allotted.
- b) The issue and allotment of Bonus shares as aforesaid to the Non-resident shareholders of the Company shall be subject to the prior approval of the Reserve Bank of India being obtained under the

Foreign Exchange Regulation Act, 1973 and to the conditions, if any, as the said Bank may impose in granting the permission."

"FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution and for removal of any difficulties, the Board of Directors, be and is hereby authorised to do all such acts, deeds and things and to give from time to time such directions as may be necessary, expedient, proper or desirable and to settle any questions or difficulties whatsoever in regard to this issue as the Board in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons."

"FURTHER RESOLVED THAT subject to unforeseen or unavoidable adverse circumstances, it is the present intention of the Directors to recommend the declaration of dividend at a rate not less than 50% of the increased paid-up capital of the Company in the year immediately after the issue and allotment of bonus shares."

By Order of the Board of Directors

P. OBUL REDDY

Chairman & Managing Director

REGISTERED OFFICE :

35, Nungambakkam High Road
IV Floor, Nungambakkam
Chennai - 600 034

June 12, 1998.