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J. K. Synthetics LTD.

ANNUAL REPORT

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BOARD OF DIRECTORS

Dr. Gaur Hari Singhania	<i>Chairman & Managing Director</i>
Govind Hari Singhania	<i>Vice Chairman & Managing Director</i>
Yadupati	<i>Wholetime Director</i>
Ramapati	<i>Wholetime Director</i>
Shiromani Sharma	
V.B.L. Mathur	
Dr. K.B. Agarwal	
A. Karati	<i>Nominee of I.C.I.C.I.</i>
B. Surender Naidu	<i>Nominee of G.I.C.</i>
S.C. Malik	<i>Nominee of S.B.I. Director (Finance)</i>
<i>President (H.O.) & Secretary</i>	
J.P. Bajpai	



BANKERS

State Bank of India
Central Bank of India
The Bank of Tokyo-Mitsubishi Limited
The Bank of Rajasthan Limited
Syndicate Bank
Punjab National Bank
State Bank of Bikaner & Jaipur
Bank of Baroda
ANZ Grindlays Bank
The Hongkong and Shanghai Banking-
Corporation Limited

AUDITORS

Messrs. P.L. Tandon & Co.
Chartered Accountants

REGISTERED OFFICE

Kamla Tower,
KANPUR-208 001

WORKS

Kota
(Rajasthan)

Padam Synthetics
J.K. Staple & Tows
Gopal Synthetics
Sir Padampat Research Centre
J.K. Tyre Cord
J.K. Acrylic

Jhalawar
(Rajasthan)

J.K. Fibres
J.K. Industrial Yarn
J.K. Utilities & Technical
Development

Kanpur
(Uttar Pradesh)

Syntex Tube Works

Nimbahera
(Rajasthan)

J.K. Cement Works

Gotan
(Rajasthan)

J.K. White Cement Works

Bamania
Shambhupura
(Chittorgarh)

J.K. Power



NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of J.K. Synthetics Ltd. will be held in the Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur on Thursday, the 30th September, 1999 at 12.00 Noon to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1999 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Gaur Hari Singhania, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri Govind Hari Singhania, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Ramapati, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and, in that connection, to pass the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 224A(1) of the Companies Act, 1956, M/s. P.L. Tandon & Company, Chartered Accountants, Kanpur, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors in addition to the reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit and Service tax, if any."

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification(s) the following resolutions:

AS ORDINARY RESOLUTION:

6. "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Yadupati Singhania as the Managing Director and Chief Executive Officer (CEO) of the Company, for a period of 5 (five) years with effect from 1st September, 1999, on the terms and conditions including remuneration as are set out in the Agreement to be entered into between the Company and Shri Yadupati Singhania, a draft whereof is placed before this Meeting, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Yadupati Singhania."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the aforesaid remuneration including perquisites but excluding commission on profits shall be deemed to be the minimum remuneration payable to the Managing Director and CEO."

AS SPECIAL RESOLUTIONS:

7. "RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Dr. Gaur Hari Singhania, as the Chairman of the Company, for a period of 5 (five) years with effect from 1st September, 1999, on the following terms & conditions and remuneration:

1. Salary - Nil
2. Perquisites: The Chairman shall be entitled to the following perquisites:

- (i) Housing: Free furnished accommodation at the normal place of his residence at the cost of the Company.

EXPLANATION: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income-tax Rules, 1962.

- (ii) Medical reimbursement: Expenses incurred for self and family, subject to a ceiling of Rs. 15,000/- in a year or Rs. 45,000/- over a period of three years.

- (iii) Leave Travel Concession: For himself and family once in a year incurred in accordance with the rules of the Company.

For the purposes of above, "Family" means the spouse & dependent children of the Chairman.

- (iv) Club Fees: Fees of Clubs, subject to a maximum of two Clubs, provided that no life membership or admission fee is paid.

- (v) Personal Accident Insurance: Premium not to exceed Rs. 4,000/- per annum.

- (vi) The Company will provide a car with driver and telephone at the residence of Chairman. The provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Chairman."

"RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorised to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board and Dr. Gaur Hari Singhania."



"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the aforesaid remuneration shall be deemed to be the minimum remuneration payable to the Chairman."

8. "RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Govind Hari Singhania, as the Vice-Chairman of the Company, for a period of 5 (five) years with effect from 1st September, 1999, on the following terms & conditions and remuneration:

1. Salary - Nil

2. Perquisites: The Vice-Chairman shall be entitled to the following perquisites:

(i) Housing: Free furnished accommodation at the normal place of his residence at the cost of the Company.

EXPLANATION: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income-tax Rules, 1962.

(ii) Medical reimbursement: Expenses incurred for self and family, subject to a ceiling of Rs. 15,000/- in a year or Rs. 45,000/- over a period of three years.

(iii) Leave Travel Concession: For himself and family once in a year incurred in accordance with the rules of the Company.

For the purposes of above, "Family" means the spouse & dependent children of the Vice-Chairman.

(iv) Club Fees: Fees of Clubs, subject to a maximum of two Clubs, provided that no life membership or admission fee is paid.

(v) Personal Accident Insurance: Premium not to exceed Rs. 4,000/- per annum.

(vi) The Company will provide a car with driver and telephone at the residence of Vice-Chairman. The provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Vice-Chairman."

"RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorised to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be

agreed to between the Board and Shri Govind Hari Singhania."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the aforesaid remuneration shall be deemed to be the minimum remuneration payable to the Vice-Chairman."

9. "RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the Articles of Association of the Company be and are hereby altered to the extent and in the manner set out hereunder:

(1) In Article 1, -

(a) the existing definition of "Register" be substituted by the following:

"Register" means the Register of Members to be kept pursuant to Section 150 of the Act and unless it be repugnant to the context or otherwise, the Register of Beneficial Owners in case of shares held in a Depository.

(b) After the definition of 'In Writing' and 'Written', the following be inserted:

"Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996.

"Depositories Act" shall mean the Depositories Act, 1996 and includes any statutory modification or re-enactment thereof for the time being in force.

"Depository" shall mean a Depository as defined in the Depositories Act, 1996.

"Member" means a duly registered holder from time to time of the shares of the Company and also one, whose name is entered as beneficial owner in the records of a Depository in the case of shares held in Depository.

(2) In existing Article 15, the following shall be added at the end:

"In respect of shares or other securities of the Company held in dematerialised form, the provisions relating to joint holders contained herein shall mutatis-mutandis apply to the joint beneficial owners."

(3) Before the heading "CERTIFICATES" and after existing Article 15, the following new Articles numbered 15A to 15F with marginal notes as indicated be inserted under the heading "DEMATERIALISATION AND DEPOSITORY":

DEMATERIALISATION AND DEPOSITORY

"Authority to dematerialise securities"

- 15A (1) Notwithstanding anything to the contrary contained in these Articles, the Board may at any time decide to permit holding of and dealings in any or all the shares or debentures or other securities of the Company (hereinafter referred to as "securities") in dematerialised form under the provisions of the Depositories Act and may offer the securities of the Company for subscription/allotment in

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1. To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1999 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Gaur Hari Singhania, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri Govind Hari Singhania, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Ramapati, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and, in that connection, to pass the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to the provisions of Section 224A(1) of the Companies Act, 1956, M/s. P.L. Tandon & Company, Chartered Accountants, Kanpur, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors in addition to the reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit and Service tax, if any."

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification(s) the following resolutions:

AS ORDINARY RESOLUTION:

6. "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Yadupati Singhania as the Managing Director and Chief Executive Officer (CEO) of the Company, for a period of 5 (five) years with effect from 1st September, 1999, on the terms and conditions including remuneration as are set out in the Agreement to be entered into between the Company and Shri Yadupati Singhania, a draft whereof is placed before this Meeting, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Yadupati Singhania."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the aforesaid remuneration including perquisites but excluding commission on profits shall be deemed to be the minimum remuneration payable to the Managing Director and CEO."

AS SPECIAL RESOLUTIONS:

7. "RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Dr. Gaur Hari Singhania, as the Chairman of the Company, for a period of 5 (five) years with effect from 1st September, 1999, on the following terms & conditions and remuneration:

1. Salary - Nil
2. Perquisites: The Chairman shall be entitled to the following perquisites:
 - (i) Housing: Free furnished accommodation at the normal place of his residence at the cost of the Company.
 - (ii) Medical reimbursement: Expenses incurred for self and family, subject to a ceiling of Rs. 15,000/- in a year or Rs. 45,000/- over a period of three years.
 - (iii) Leave Travel Concession: For himself and family once in a year incurred in accordance with the rules of the Company.

For the purposes of above, "Family" means the spouse & dependent children of the Chairman.

- (iv) Club Fees: Fees of Clubs, subject to a maximum of two Clubs, provided that no life membership or admission fee is paid.
- (v) Personal Accident Insurance: Premium not to exceed Rs. 4,000/- per annum.
- (vi) The Company will provide a car with driver and telephone at the residence of Chairman. The provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Chairman."

"RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorised to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board and Dr. Gaur Hari Singhania."



"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the aforesaid remuneration shall be deemed to be the minimum remuneration payable to the Chairman."

8. "RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Govind Hari Singhania, as the Vice-Chairman of the Company, for a period of 5 (five) years with effect from 1st September, 1999, on the following terms & conditions and remuneration:

1. Salary - Nil
2. Perquisites: The Vice-Chairman shall be entitled to the following perquisites:
 - (i) Housing: Free furnished accommodation at the normal place of his residence at the cost of the Company.
EXPLANATION: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income-tax Rules, 1962.
 - (ii) Medical reimbursement: Expenses incurred for self and family, subject to a ceiling of Rs. 15,000/- in a year or Rs. 45,000/- over a period of three years.
 - (iii) Leave Travel Concession: For himself and family once in a year incurred in accordance with the rules of the Company.
For the purposes of above, "Family" means the spouse & dependent children of the Vice-Chairman.
 - (iv) Club Fees: Fees of Clubs, subject to a maximum of two Clubs, provided that no life membership or admission fee is paid.
 - (v) Personal Accident Insurance: Premium not to exceed Rs. 4,000/- per annum.
 - (vi) The Company will provide a car with driver and telephone at the residence of Vice-Chairman. The provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Vice-Chairman."

"RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorised to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be

agreed to between the Board and Shri Govind Hari Singhania."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the aforesaid remuneration shall be deemed to be the minimum remuneration payable to the Vice-Chairman."

9. "RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the Articles of Association of the Company be and are hereby altered to the extent and in the manner set out hereunder:

(1) In Article 1, -

- (a) the existing definition of "Register" be substituted by the following:

"Register" means the Register of Members to be kept pursuant to Section 150 of the Act and unless it be repugnant to the context or otherwise, the Register of Beneficial Owners in case of shares held in a Depository.

- (b) After the definition of 'In Writing' and 'Written', the following be inserted:

"Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996.

"Depositories Act" shall mean the Depositories Act, 1996 and includes any statutory modification or re-enactment thereof for the time being in force.

"Depository" shall mean a Depository as defined in the Depositories Act, 1996.

"Member" means a duly registered holder from time to time of the shares of the Company and also one, whose name is entered as beneficial owner in the records of a Depository in the case of shares held in Depository.

- (2) In existing Article 15, the following shall be added at the end:

"In respect of shares or other securities of the Company held in dematerialised form, the provisions relating to joint holders contained herein shall mutatis-mutandis apply to the joint beneficial owners."

- (3) Before the heading "CERTIFICATES" and after existing Article 15, the following new Articles numbered 15A to 15F with marginal notes as indicated be inserted under the heading "DEMATERIALISATION AND DEPOSITORY":

DEMATERIALISATION AND DEPOSITORY

"Authority to dematerialise securities"

- 15A (1) Notwithstanding anything to the contrary contained in these Articles, the Board may at any time decide to permit holding of and dealings in any or all the shares or debentures or other securities of the Company (hereinafter referred to as "securities") in dematerialised form under the provisions of the Depositories Act and may offer the securities of the Company for subscription/allotment in

dematerialised form in the manner provided by the said Act.

- (2) When any securities of the Company are held or dealt in dematerialised form—

"Option to hold securities in certificates or with Depository"

- (a) Every person holding any securities of the Company through allotment or otherwise shall have the option to receive and hold the same in the form of certificates or to hold the same with a depository.

"Securities with Depository to be dematerialised"

- (b) All securities held with a depository shall be dematerialised and the depository shall hold the same for the beneficial owners thereof in a fungible form.

"Beneficial owner is member"

- (c) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held by him in a depository.

"Beneficial owner may opt out of a Depository"

- (d) Every person holding securities of the Company with depository, being the beneficial owner thereof, may at any time opt out of the depository in the manner provided under the provisions of the Depositories Act and on exercise of such option and on fulfillment of the conditions and payment of the fees prescribed under the said Act, the Company shall rematerialise the relevant securities and issue to the beneficial owner thereof the requisite certificates of such securities.

"Intimation to Depository"

- 15B (1) The Company shall make available to the depository, copies of the relevant records in respect of securities held by such depository for the beneficial owners thereof.
- (2) When a holder or an allottee of securities opts to hold the same with a depository, the Company shall intimate such depository the details of his holdings or allotment of securities and thereupon the depository shall enter in its record the names of the holders/allottees as the beneficial owners of such securities.

"Register and Index of Beneficial Owners"

- 15C The Register and Index of Beneficial Owners of securities maintained by a depository under Section 11 of the Depositories Act shall be deemed to be and forming part of the Register and Index of Members or of holders of Debentures or other securities of the Company.

"Transfer of securities held in a Depository"

- 15D (1) Transfers of securities held in a depository will be governed by the provisions of the Depositories Act.
- (2) Every depository shall furnish to the Company information about the transfer of securities, the name of Beneficial Owners at such intervals and in such manner as may be specified under the provisions of the Depositories Act.
- (3) Section 108 of the Act shall not apply to transfer of securities effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a depository.

NOMINATION INTER VIVOS

"Nomination"

- 15E (1) Every holder of shares in, or debentures of the Company may at any time nominate in the manner prescribed under the Act, a person to whom his shares in, or debentures of, the Company shall vest in the event of death of such holder.
- (2) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, held by them shall vest in the event of death of all joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such shares in, or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall, on the death of the holder, or as the case may be, on the death of joint holders of shares or debentures become entitled to all the rights of the deceased holder or, as the case may be, of all the deceased joint holders in such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the provisions of the Act.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint, in the manner prescribed under the provisions of the Act, any person to become entitled to shares in, or debentures of the Company, in the event of his death, during the minority.
- (5) The provisions of this Article shall apply mutatis-mutandis to a depositor of money with the Company as per the provisions of Section 58A of the Act.

"Transmission in the name of nominee"

- 15F (1) Any person who becomes a nominee by virtue of the provisions of Article 15E, upon production of such evidence as may be required by the Board





and subject as hereinafter provided, shall elect, either--

- (i) to be registered himself as holder of the shares or debentures, as the case may be; or
 - (ii) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debentureholder, could have made.
- (2) If the nominee elects himself to be registered as holder of the shares or debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the certificate of death of the deceased holder and the certificate(s) of shares or debentures as the case may be held by the deceased in the Company.
- (3) Subject to the provisions of Section 109B(3) of the Act and these Articles, the Board may register the relevant shares or debentures in the name of the nominee or the transferee as if the death of the registered holder of the shares or debentures had not occurred and the notice of transfer were a transfer signed by the holder.
- (4) A nominee on becoming entitled to any shares or debentures by reason of the death of the holder or joint holders shall be entitled to the same dividends and other advantages to which he would have been entitled if he was the registered holder of the shares or debentures, except that he shall not, before being registered as a holder of such shares or debentures, be entitled in respect of them to exercise any right conferred on a member or debentureholder in relation to meetings of the Company.
- (5) The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable or rights accrued or accruing in respect of the relevant shares or debentures, until the requirements of the notice have been complied with."
- (4) After existing Article 41, the following new Article 41A be inserted:
- 41A.** A Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of shares, debentures or other securities on behalf of beneficial owners and shall not have any voting rights or any other rights in respect of shares, debentures and other securities held by it. The beneficial owner as per the Register of Beneficial Owners maintained by a Depository shall be entitled to all rights including voting rights and benefits in respect of the securities held by him with the Depository."
- (5) Existing Article 154 be deleted and in its place following new Article 154 be substituted:

"Unpaid or Unclaimed Dividend, etc."

154. (1) The Company shall comply with the provisions of Sections 205A and 205B read with Section 205C of the Act in respect of any dividend remaining unpaid or unclaimed with the Company.
- (2) The Company shall comply with the provisions of Section 205C of the Act in respect of any money remaining unpaid with the Company in the nature of (i) application moneys received by the Company for allotment of any securities and due for refund; (ii) deposits received by the Company and due for repayment; (iii) debentures issued by the Company and matured for redemption; and (iv) the interest, if any, accrued on the amounts referred at items (i), (ii) and (iii) respectively."

By Order of the Board

(J.P. BAJPAI)
Secretary

Regd. Office:
Kamla Tower, Kanpur
Dated: 31st July, 1999

NOTES:

- i) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business under Items No. 6 to 9 of the accompanying Notice dated 31st July, 1999 is annexed hereto.
- ii) Copy of the Agreement/other documents referred to in the above Notice is available for inspection of the Members at the Regd. Office of the Company between 2.00 p.m. and 4.00 p.m. on any working day except Saturday till the conclusion of the Annual General Meeting.
- iii) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 16th September, 1999 to Thursday, the 30th September, 1999 both days inclusive.
- iv) Members are requested to bring their copies of the Annual Report, as copies of the Report will not be distributed again at the Meeting.
- v) Members seeking any information with regard to the accounts of the Company are requested to write to the Company at its Regd. Office so as to reach at least 10 days before the date of Meeting to enable the Management to keep the information ready.
- vi) Intimation of any change in address of Members should be sent to the Company immediately.
- vii) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

EXPLANATORY STATEMENT:

As required by Section 173 of the Companies Act, 1956, the Explanatory Statement sets out all material facts concerning the Special Business referred to in the accompanying Notice dated 31st July, 1999.

Item No. 6

- A. Shri Yadupati Singhania was re-appointed as Whole Time Director at the Annual General Meeting of the Company held on 28th September, 1994 for a term of five years effective from 1.9.1994 and his term expires on 31.8.1999. Consequent upon Company's re-structuring plan in consultation with Financial Institutions, it is now proposed to appoint him as Managing Director and Chief Executive Officer (CEO) of the Company for a term of five years with effect from 1st September, 1999 on the terms mentioned hereafter.
- B. Draft Agreement between the Company and Shri Yadupati Singhania, besides the mutual rights and obligations of the Company and Shri Yadupati Singhania, sets out the terms and conditions of his appointment and the same are briefly summarised below:
- Subject to the provisions of the Companies Act, 1956, Shri Yadupati Singhania as Managing Director and CEO shall have powers of general conduct and management of the business and affairs of the Company subject however, to the superintendence, control and directions of the Board of Directors and he shall also perform such other duties and services and exercise such powers as shall from time to time be entrusted to him by the Board of Directors including the powers exercisable by the Board as per Articles of Association of the Company.
 - The Managing Director and CEO is given certain specific powers, without prejudice to the generality of the General Powers of Management, which, among others, include the powers of borrowing, investing and lending monies as the Board of Directors may from time to time delegate u/s 292 of the Companies Act, 1956 and within such limits as the Board may from time to time determine.
 - Period of Agreement: Five (5) years with effect from 1st September, 1999.
 - REMUNERATION:**
 - Salary: Rs. 25,000/- (Rupees Twenty five thousand only) per month in the scale Rs. 25,000-2,500-35,000 including D.A. and other allowances.
 - Commission: One percent (1%) on the net profits of the Company.
 - Perquisites: Perquisites shall be allowed in addition to salary and/or commission or both, but shall be restricted to an amount equal to the annual salary. The perquisites are classified into three categories 'A', 'B' and 'C' as follows:

CATEGORY 'A'

- Housing I: The expenditure by Company on hiring unfurnished accommodation for the Managing Director and CEO will be subject to the following ceilings:
 - Mumbai, Calcutta, Delhi and Chennai: Sixty per cent of the salary, over and above ten per cent payable by the Managing Director and CEO.
 - Other Places: Fifty per cent of the salary, over and above ten per cent, payable by the Managing Director and CEO.

Housing II: In case the accommodation is owned by the Company, ten per cent of the salary of the Managing Director and CEO shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, the Managing Director & CEO shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

EXPLANATION: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the Managing Director and CEO.

- Medical reimbursement: Expenses incurred for himself and his family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- Leave Travel Concession: For himself and his family once in a year incurred in accordance with the rules of the Company.
- Club Fees: Fees of Clubs, subject to a maximum of two Clubs, provided that no life membership or admission fee is paid.
- Personal Accident Insurance: Premium not to exceed Rs. 4,000/- per annum.

For the purposes of this Part, "Family" means the spouse, dependent children and dependent parents of the Managing Director and CEO.

CATEGORY 'B'

- Contribution to Provident Fund, Superannuation Fund or Annuity Fund, to which the Managing Director and CEO will be entitled in accordance with the rules of the Company, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- Gratuity not exceeding half a month's salary for each completed year of service as per provisions of the Payment of Gratuity Act, 1972.

CATEGORY 'C'

The Company will provide a car with driver and telephone at the residence of Managing Director and CEO. The provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director and CEO.

- In the event of absence or inadequacy of profits during the aforesaid period, the remuneration as mentioned above except commission on profits will be payable to the Managing Director & CEO as minimum remuneration.
- The Managing Director and CEO shall be entitled to Earned/privilege leave with pay not exceeding one month for every 11 months of service.
- The Managing Director and CEO shall be entitled to reimbursement of expenses actually incurred for the business of the Company.
- The Managing Director and CEO shall not, without the consent of the Board of Directors, divulge or disclose the method, systems or appliances etc. for any manufacturing activity of the Company.
- In terms of Article 128 of the Articles of Association of the Company, the Managing Director and CEO shall not,