

**Jai  
Corp**  
LIMITED

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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13th  
ANNUAL REPORT  
1997-98



# JAI CORP LIMITED

13TH ANNUAL REPORT 1997-98



## BOARD OF DIRECTORS

(As on 23rd June, 1998)

J. K. Jain  
Executive Chairman

S. P. Jain  
Managing Director

Virendra Jain

K. M. Doongaji  
Nominee ICICI

S. H. Junnarkar

R. N. Bansal

D. K. Contractor

S. Rajendran

T. K. Rajan  
Director – Works

V. S. Pandit  
Director – Works

## COMPANY SECRETARY

M. L. Somani

## SOLICITORS & ADVOCATES

Kanga & Company

## AUDITORS

Chaturvedi & Shah  
Chartered Accountants

## BANKERS

State Bank of India

Canara Bank

Central Bank of India

SBI Commercial and International Bank Ltd.

## REGISTERED OFFICE :

A-3, M.I.D.C. Indl. Area,  
Nanded 431 603,  
Maharashtra.

## MANUFACTURING FACILITIES AT :

### 1. Packaging Divisions :

Plot No.A-2/4 (Unit No.1)  
Plot No.A-2/8 (Unit No.2)  
M.I.D.C., Murbad,  
Dist. Thane, Maharashtra.

Plot No.79/1 (Unit No.3) Amlli Village  
Plot No.444 (Unit No.4) Masat Village  
Silvassa, [Dadra & Nagar Haveli (U.T.)]

### 2. Sipta Coated Steels Division

A-3, M.I.D.C. Indl. Area,  
Nanded 431 603, Maharashtra.

### 3. Comet Steels Division

A-4, M.I.D.C. Indl. Area,  
Nanded 431 603, Maharashtra.

## REGISTRARS & TRANSFER AGENT

### KARVY CONSULTANTS LIMITED

1. "KARVY HOUSE"  
46, Road No. 4, Street No. 1,  
Banjara Hills,  
Hyderabad 500 034  
Tel.: 040-3312454/3320251/751/752  
Fax: 040-3311968
2. 7, Andheri Industrial Estate,  
Off Veera Desai Road,  
Andheri (West),  
Mumbai 400 053.  
Tel.: 022-6267226/6269044/6271802  
Fax: 022-6290882

## HIGHLIGHTS

	1997-98 (Rs. in lacs)	1996-97 (Rs. in lacs)	1995-96 (Rs. in lacs)
Sales, services & other income	42625.79	44846.38	39631.70
Depreciation	1268.26	1345.03	1164.40
Profit before tax	1214.33	2336.87	1499.93
Tax for the year	304.00	656.00	2.50
Profit after tax	910.33	1680.87	1497.43
Dividend (including tax thereon)	224.07	225.50	185.59
Plough back (including depreciation)	1955.65	2849.76	2346.96
Shareholders' fund (Net worth)	13874.97	13186.68	11681.95
Debt/Equity Ratio	0.04/1	0.09/1	0.23/1

**NOTICE**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of JAI CORP LIMITED will be held on Tuesday, the 11th August 1998 at 2.00 p.m. at the Registered Office of the Company at A-3, MIDC Industrial Area, Nanded 431 603 (Maharashtra) to transact the following business :-

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 1998 and Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 1998.
3. To appoint a Director in place of Shri R.N. Bansal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.P. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS :**

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT in partial modification of the Ordinary Resolution at Item No.9 passed at the 12th Annual General Meeting of the Company held on 16th August, 1997 and in accordance with the provisions of Sections 198, 309 and 310 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 Company hereby approves the increase in remuneration payable to Shri T.K. Rajan, Director – works with effect from 1st April, 1997 as set out in the draft Supplementary Agreement proposed to be entered into between the Company and Shri T.K. Rajan, a copy whereof is placed before this meeting and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions in the said draft Supplementary Agreement as the Board of Directors may consider necessary and as may be agreed to by Shri T.K. Rajan.

RESOLVED FURTHER THAT in the event of any Statutory amendment or modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, perquisites and other allowances within such prescribed limit or ceiling and the aforesaid draft Supplementary Agreement proposed to be entered into between the Company and Shri T.K. Rajan, be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

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

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:  
 "RESOLVED THAT in partial modification of the Ordinary Resolution at Item No.11 passed at the 12th Annual General Meeting of the Company held on 16th August, 1997 and in accordance with the provisions of Sections 198, 309 and 310 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 Company hereby approves the increase in remuneration payable to Shri V.S. Pandit, Director – works with effect from 1st April, 1997 as set out in the draft Supplementary Agreement proposed to be entered into between the Company and Shri V.S. Pandit, a copy whereof is placed before this meeting and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions in the said draft Supplementary Agreement as the Board of Directors may consider necessary and as may be agreed to by Shri V.S. Pandit.

RESOLVED FURTHER THAT in the event of any statutory amendment or modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, perquisites and other allowances within such prescribed limit or ceiling and the aforesaid draft Supplementary Agreement proposed to be entered into between the Company and Shri V.S. Pandit, be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

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

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :  
 "RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buy-back, from the existing holders of equity shares, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the equity shares and/or by purchasing the equity shares issued to the employees pursuant to a scheme of stock option, the equity shares having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "equity shares"), of the Company, from out of its free reserves or out of the equity shares premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of the equity shares so bought back shall not exceed such percentage of the equity shares of the company and such amount as may be decided by the Board within the limits, if any, as may be prescribed by the law, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

By Order of the Board of Directors,

Mumbai, 23rd June, 1998

**J. K. JAIN**  
Executive Chairman

**NOTES :**

- a) An explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of item Nos. 6 to 8 is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy or the Power of Attorney, if any, under which it is signed should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid Meeting.
- c) The Register of Members and Share Transfer books will remain closed from Saturday, the 1st August 1998 to Friday the 7th August 1998 (both days inclusive)
- d) MEMBERS are requested to notify to Registrars & Transfer Agents any change in their address immediately.
- e) Shareholders desirous of obtaining any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
- f) Those shareholders of the Company, who have so far not encashed their Dividend Warrants for the year ended 31st March 1995, 31st March 1996 and 31st March 1997 may approach the Company for revalidation/payment of Dividend Warrants as the same after expiry of the prescribed period will be transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. The Unpaid Dividends that are due for transfer to the Central Government are as follows :

Financial Year ended	31.03.1995	Due for Transfer on	27.10.1998
-do-	31.03.1996	-do-	07.11.1999
-do-	31.03.1997	-do-	28.09.2000

**ANNEXURE TO THE NOTICE**

Explanatory Statement setting out material facts as required by Section 173 of the Companies Act, 1956

**Item No. 6**

The Board of Directors had appointed Shri T.K. Rajan as Wholetime Director for a period of 5 (five) years with effect from 1st April, 1997 at their meeting held on 25th March, 1997. At the 12th Annual General Meeting (AGM) of the Company held on 16th August, 1997 the shareholders had approved the appointment of Shri T.K. Rajan as a Wholetime Director of the Company designated as Director-works. The terms of remuneration of Shri T.K. Rajan were also approved by the shareholders at the 12th AGM of the Company held on 16th August, 1997. It is now proposed to revise the remuneration payable to Shri T.K. Rajan with effect from 1st April, 1997 as decided by the Board of Directors at their meeting held on 23rd June, 1998 and as set out in the draft Supplementary Agreement proposed to be entered into by the Company with Shri T.K. Rajan for this purpose, subject to the approval of the shareholders at the Annual General Meeting.

Shri T.K. Rajan fulfils the conditions of appointment contained in Part I of Schedule XIII to the Companies Act, 1956.

The draft Supplementary Agreement proposed to be entered into by the Company with Shri T.K. Rajan records the increased remuneration to be paid to Shri T.K. Rajan by way of salary, perquisites and allowances which are as under :

1. PERIOD OF APPOINTMENT; 5 Years from 1st April 1997.
2. REMUNERATION : The Director - Works shall be entitled to the following terms of remuneration
  - (1) A monthly remuneration not exceeding Rs. 2,00,000/- per month including Accommodation or House Rent Allowance in lieu thereof on the last working day of each calendar month as may be decided by the Board of Directors from time to time.
  - (2) Benefit of Provident Fund in accordance with the Company's Rules and Regulations in force from time to time except overall ceiling given in (3) below.
  - (3) Benefit of Superannuation or Retirement or Pension Scheme in accordance with the Company's practice and rules and regulation in force from time to time, subject to the condition that the Company's contribution in this behalf together with the contribution towards the Provident Fund shall not exceed 25% of the salary.
  - (4) Benefit of Gratuity in accordance with the Company's practice and rules and regulations in force from time to time and as applicable to its senior executives, subject to the condition that the total gratuity shall not exceed maximum 15 days salary per completed year of service as may be approved by the Board of Directors.
  - (5) Medical Benefits including hospitalisation charges for self and family subject to the condition that the cost to be borne by the Company in this behalf shall not exceed Rs. 30,000 over a period of three years.
  - (6) Other perquisites, benefits or amenities as stated below :
    - (A) Free use of motor car with a driver at the entire cost of the Company,
    - (B) Free residential telephone at the cost of the Company,
    - (C) Personal accident insurance for the Director - Work's own benefit at the cost of the Company. The monetary value of the perquisites, benefits or amenities referred to in items(A) to (C) of this sub-clause shall not exceed the sum of Rs. 1,50,000/- in any financial year.
3. The Director - Works shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof so long as he continues as Director-Works.
4. The remuneration referred to above is subject to the limit of 5% of the annual profits of the Company and subject further to the overall limit of 10% on the remuneration of all the Directors of the company. *Provided however that in the event of absence or inadequacy of profits in any financial year the remuneration of the Director - Works by way of salary, perquisites and other allowances shall be restricted to the ceiling prescribed in Para 1 of section II of part II of Schedule XIII.*
5. If the Director-Work's employment shall cease during the currency of any financial year he or his executors or administrators shall be entitled to rateable proportion of what he would have received if he had lived and been employed for the whole of that year.
6. The Director - Works shall be entitled to reimbursement of all expenses including travelling, entertainment and other out of pocket expenses incurred in connection with the business of the company.
7. Other facilities: He will be eligible for all other facilities, privileges and amenities as may be applicable from time to time to the Senior Management Cadre Executives of the Company.
8. The terms and conditions as set out in the draft Supplementary Agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, 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 made thereto.
9. The Agreement dated 29th August, 1997 as varied by the draft Supplementary Agreement may be terminated by either party by giving to the other party three months' notice in writing.
10. The other terms and conditions of the appointment approved by the Shareholders at the 12th AGM held on 16th August, 1997 and as recorded in the Agreement dated 29th August, 1997 executed between the Company and Shri T.K. Rajan will remain unchanged.

The above may be treated as an abstract of the draft Supplementary Agreement proposed to be entered into between the Company and Shri T.K. Rajan pursuant to Section 302 of the Companies Act, 1956.

The Agreement dated 29th August, 1997 and the draft Supplementary Agreement proposed to be entered into between the Company and Shri T.K. Rajan are both available for inspection by the Members of the Company at the Registered Office of the Company on any working day, excluding Saturdays, upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.





The Directors recommend the resolution set out at item no.6 of the notice for approval of the shareholders.  
Shri T.K. Rajan is deemed to be concerned or interested in the resolution set out in the item no.6 of the notice as it pertains to the remuneration payable to him.  
None of the other Directors of the Company are, in any way, concerned or interested in the resolution.

#### Item No. 7

The Board of Directors had appointed Shri V.S. Pandit as Wholtime Director for a period of 5 (five) years with effect from 1st April, 1997 at their meeting held on 25th March, 1997. At the 12th Annual General Meeting (AGM) of the Company held on 16th August, 1997 the shareholders had approved the appointment of Shri V.S. Pandit as a Wholtime Director of the Company designated as Director-works. The terms of remuneration of Shri V.S. Pandit were also approved by the shareholders at the 12th AGM of the Company held on 16th August, 1997. It is now proposed to revise the remuneration of Shri V.S. Pandit by the Board of Directors at their meeting held on 29th August, 1997. The draft Supplementary Agreement proposed to be entered into by the Company with Shri V.S. Pandit pursuant to Section 302 of the Companies Act, 1956, is as under:

1. PERIOD OF APPOINTMENT : 5 Years from 1st April 1997.
2. REMUNERATION : The Director - Works shall be entitled to the following terms of remuneration
  - (1) A monthly remuneration not exceeding Rs.2,00,000/- per month including Accommodation or House Rent Allowance in lieu thereof on the last working day of each calendar month as may be decided by the Board of Directors from time to time.
  - (2) Benefit of Provident Fund in accordance with the Company's Rules and Regulations in force from time to time except overall ceiling given in (3) below.
  - (3) Benefit of Superannuation or Retirement or Pension Scheme in accordance with the Company's practice and rules and regulation in force from time to time, subject to the condition that the Company's contribution in this behalf together with the contribution towards the Provident Fund shall not exceed 25% of the salary.
  - (4) Benefit of Gratuity in accordance with the Company's practice and rules and regulations in force from time to time and as applicable to its senior executives, subject to the condition that the total gratuity shall not exceed maximum 15 days salary per completed year of service as may be approved by the Board of Directors.
  - (5) Medical Benefits including hospitalisation charges for self and family, subject to the condition that the cost to be borne by the Company in this behalf shall not exceed Rs. 30,000 over a period of three years.
  - (6) Other perquisites, benefits or amenities as stated below :
    - (A) Free use of motor car with a driver at the entire cost of the Company,
    - (B) Free residential telephone at the cost of the Company,
    - (C) Personal accident insurance for the Director - Work's own benefit at the cost of the Company. The monetary value of the perquisites, benefits or amenities referred to in items(A) to (C) of this sub-clause shall not exceed the sum of Rs. 1,50,000/- in any financial year.
3. The Director - Work's shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof so long as he continues as Director-Works.
4. The remuneration referred to above is subject to the limit of 5% of the annual profits of the company and subject further to the overall limit of 10% on the remuneration of all the Directors of the company. Provided however that in the event of absence or inadequacy of profits in any financial year the remuneration of the Director - Works by way of salary, perquisites and other allowances shall be restricted to the ceiling prescribed in Para 1 of section II of part II of Schedule XIII
5. If the Director-Work's employment shall cease during the currency of any financial year he or his executors or administrators shall be entitled to rateable proportion of what he would have received if he had lived and been employed for the whole of that year.
6. The Director - Works shall be entitled to reimbursement of all expenses including travelling, entertainment and other out of pocket expenses incurred in connection with the business of the company.
7. Other facilities: He will be eligible for all other facilities, privileges and amenities as may be applicable from time to time to the Senior Management Cadre Executives of the Company.
8. The terms and conditions as set out in the draft Supplementary Agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, 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 made thereto.
9. The Agreement dated 29th August, 1997 as varied by the draft Supplementary Agreement may be terminated by either party by giving to the other party three months' notice in writing.
10. The other terms and conditions of the appointment approved by the Shareholders at the 12th AGM held on 16th August, 1997 and as recorded in the Agreement dated 29th August, 1997 executed between the Company and Shri V.S. Pandit will remain unchanged.

The above may be treated as an abstract of the draft Supplementary Agreement proposed to be entered into between the Company and Shri V.S. Pandit pursuant to Section 302 of the Companies Act, 1956.

The Agreement dated 29th August, 1997 and the draft Supplementary Agreement proposed to be entered into between the Company and Shri V.S. Pandit are both available for inspection by the Members of the Company at the Registered Office of the Company on any working day, excluding Saturdays, upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

The Directors recommend the resolution set out at item no.7 of the notice for approval of the shareholders.

Shri V.S. Pandit is deemed to be concerned or interested in the resolution set out in the item no.7 of the notice as it pertains to the remuneration payable to him.

None of the other Directors of the Company are, in any way, concerned or interested in the resolution.

#### Item No. 8

Buy back of own Shares or other Securities convertible into Equity Shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, however, seeks to lay down the operative provisions to regulate the buy back of Shares/Securities by the Companies. Hence it is expected that, in due course of time, the law would be amended to allow such buyback. It is proposed to buy back not exceeding such percentage of the total voting powers relating to the Shares or other Securities giving right to subscribe for Shares of the Company and such amount as may be decided by the Board within the limits, if any, as may be prescribed by the law, from time to time, from the existing equity share holders on a proportionate basis and or from the open market and/or from the lots smaller than market lots of the equity shares (odd lots), subject to necessary enactment in this regard. The buyback of Shares as aforesaid would entail investing of an amount which would not be less than the market value of the Shares or other Equity Shares giving right to subscribe for shares of the Company and shall be met out of the free reserves and/or share premium account and/or out of the proceeds of an issue specifically made for the purpose. The Shares so bought back shall be dealt with as per the then prevailing law/regulation. The Board is of the opinion that it will be in the best interest of the Company if Shareholders approve the said Resolution, should the provisions be enacted permitting such buy back, so that the Company will be able to implement this Resolution. The Resolution, if approved, will be operative for and will be given effect within a period of 15 months from the applicable date. The Resolution is an enabling provision aimed at facilitating the Company to buy back its own Equity Shares as soon as it is legally permissible. The Board recommends the resolution for approval. None of the Directors of the Company is, in any way concerned or interested in the Resolution.

By Order of the Board of Directors,

J. K. JAIN  
Executive Chairman

Mumbai, 23rd June, 1998



## DIRECTORS' REPORT

The Directors have pleasure to present the Thirteenth Annual Report and Accounts for the year ended 31st March 1998.

## FINANCIAL RESULTS

	(Rs. in lacs)	
	31.03.1998	31.03.1997
Sales & Services	42499.52	44,779.96
Operating Profit	2746.94	4,083.28
Less : Finance Charges (Net)	264.35	401.38
Gross Profit	2482.59	3,681.90
Less : Depreciation	1268.26	1,345.03
Profit before tax	1214.33	2,336.87
Less : Provision for tax	304.00	656.00
Profit after tax	910.33	1,680.87
Balance brought forward from Last Year	718.76	697.66
Transferred from Debenture redemption reserve	617.79	0.00
Prior Period Adjustments (Net)	1.13	49.36
Amount available for appropriations	2248.01	2,427.89
<b>Appropriations :</b>		
Transfer to General Reserve	1100.00	1,483.63
Proposed Dividend	203.70	205.00
Tax on Proposed Dividend	20.37	20.50
Surplus carried to Balance Sheet	923.94	718.76
	<u>2248.01</u>	<u>2,427.89</u>

## DIVIDEND

The Directors have recommended a dividend of Rs. 2.20 per equity share on 92,59,062 equity shares of Rs. 10/- each for the financial year ended 31st March 1998, which if approved at the forthcoming Annual General Meeting will be paid to all those Equity Shareholders whose names appear on the Register of Members as on 7th August 1998.

## OPERATIONS

Sales and profits of the Company have been lower as compared to previous year mainly due to recessionary conditions prevailing in the Indian economy more particularly in Steel sector. Excess capacity in galvanising and cold rolling industries has led to severe competition thereby putting pressure on the margins.

## PROJECTS AND EXPANSIONS

Company had decided to increase its capacity in Plastic divisions by setting up two new units at Silvassa and Daman. The trial runs in both the units have already started.

## FIXED DEPOSITS

The Company has not accepted any fixed deposits within the meaning of Section 58-A of the Companies Act, 1956, and the rules framed thereunder. Fixed deposit of Rs. 6000 remained unclaimed of erstwhile-Sipta Coated Steels-Limited as on 31.3.1998.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association Mr. R.N. Bansal and Mr. S.P. Jain retire by rotation and are eligible for re-appointment.

## AUDITORS AND AUDITORS' REPORT

M/s. Chaturvedi & Shah, Chartered Accountants, Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. The notes to the Accounts referred to in the Auditors' Report are self explanatory and, therefore, do not call for any further comments.

## INDUSTRIAL RELATIONS

The relations with the employees continued to be cordial and satisfactory.

## ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure "A" forming part of this report.

## PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure "B" forming part of this Report.

## ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions and the Banks, during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company.

By Order of the Board of Directors,

J. K. JAIN  
Mumbai, 23rd June, 1998

J. K. JAIN  
Executive Chairman



The Directors recommend the resolution set out at item no.6 of the notice for approval of the shareholders.

Shri T.K. Rajan is deemed to be concerned or interested in the resolution set out in the item no.6 of the notice as it pertains to the remuneration payable to him.

None of the other Directors of the Company are, in any way, concerned or interested in the resolution.

#### Item No. 7

The Board of Directors had appointed Shri V.S. Pandit as Wholtime Director for a period of 5 (five) years with effect from 1st April, 1997 at their meeting held on 25th March, 1997. At the 12th Annual General Meeting (AGM) of the Company held on 16th August, 1997 the shareholders had approved the appointment of Shri V.S. Pandit as a Wholtime Director of the Company designated as Director-works. The terms of remuneration of Shri V.S. Pandit were also approved by the shareholders at the 12th AGM of the Company held on 16th August, 1997. It is now proposed to revise the remuneration payable to Shri V.S. Pandit with effect from 1st April, 1997 as decided by the Board of Directors at their meeting held on 23rd June, 1998 and as set out in the draft Supplementary Agreement proposed to be entered into by the Company with Shri V.S. Pandit for this purpose, subject to the approval of the shareholders at the Annual General Meeting.

Shri V.S. Pandit fulfils the conditions of appointment contained in Part I of Schedule XIII to the Companies Act, 1956.

The draft Supplementary Agreement proposed to be entered into by the Company with Shri V.S. Pandit records the increased remuneration to be paid to Shri V.S. Pandit by way of salary, perquisites and allowances which are as under :

1. PERIOD OF APPOINTMENT ; 5 Years from 1st April 1997.
2. REMUNERATION : The Director - Works shall be entitled to the following terms of remuneration
  - (1) A monthly remuneration not exceeding Rs.2,00,000/- per month including Accommodation or House Rent Allowance in lieu thereof on the last working day of each calendar month as may be decided by the Board of Directors from time to time.
  - (2) Benefit of Provident Fund in accordance with the Company's Rules and Regulations in force from time to time except overall ceiling given in (3) below.
  - (3) Benefit of Superannuation or Retirement or Pension Scheme in accordance with the Company's practice and rules and regulation in force from time to time, subject to the condition that the Company's contribution in this behalf together with the contribution towards the Provident Fund shall not exceed 25% of the salary.
  - (4) Benefit of Gratuity in accordance with the Company's practice and rules and regulations in force from time to time and as applicable to its senior executives, subject to the condition that the total gratuity shall not exceed maximum 15 days salary per completed year of service as may be approved by the Board of Directors.
  - (5) Medical Benefits including hospitalisation charges for self and family subject to the condition that the cost to be borne by the Company in this behalf shall not exceed Rs. 30,000 over a period of three years.
  - (6) Other perquisites, benefits or amenities as stated below :
    - (A) Free use of motor car with a driver at the entire cost of the Company,
    - (B) Free residential telephone at the cost of the Company,
    - (C) Personal accident insurance for the Director - Work's own benefit at the cost of the Company. The monetary value of the perquisites, benefits or amenities referred to in items(A) to (C) of this sub-clause shall not exceed the sum of Rs. 1,50,000/- in any financial year.
3. The Director -Work's shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof so long as he continues as Director-Works.
4. The remuneration referred to above is subject to the limit of 5% of the annual profits of the company and subject further to the overall limit of 10% on the remuneration of all the Directors of the company. Provided however that in the event of absence or inadequacy of profits in any financial year the remuneration of the Director -Works by way of salary, perquisites and other allowances shall be restricted to the ceiling prescribed in Para 1 of section II of part II of Schedule XIII
5. If the Director-Work's employment shall cease during the currency of any financial year he or his executors or administrators shall be entitled to rateable proportion of what he would have received if he had lived and been employed for the whole of that year.
6. The Director - Works shall be entitled to reimbursement of all expenses including travelling, entertainment and other out of pocket expenses incurred in connection with the business of the company.
7. Other facilities: He will be eligible for all other facilities, privileges and amenities as may be applicable from time to time to the Senior Management Cadre Executives of the Company.
8. The terms and conditions as set out in the draft Supplementary Agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, 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 made thereto.
9. The Agreement dated 29th August, 1997 as varied by the draft Supplementary Agreement may be terminated by either party by giving to the other party three months' notice in writing.
10. The other terms and conditions of the appointment approved by the Shareholders at the 12th AGM held on 16th August, 1997 and as recorded in the Agreement dated 29th August, 1997 executed between the Company and Shri V.S. Pandit will remain unchanged.

The above may be treated as an abstract of the draft Supplementary Agreement proposed to be entered into between the Company and Shri V.S. Pandit pursuant to Section 302 of the Companies Act, 1956.

The Agreement dated 29th August, 1997 and the draft Supplementary Agreement proposed to be entered into between the Company and Shri V.S. Pandit are both available for inspection by the Members of the Company at the Registered Office of the Company on any working day, excluding Saturdays, upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

The Directors recommend the resolution set out at item no.7 of the notice for approval of the shareholders.

Shri V.S. Pandit is deemed to be concerned or interested in the resolution set out in the item no.7 of the notice as it pertains to the remuneration payable to him.

None of the other Directors of the Company are, in any way, concerned or interested in the resolution.

#### Item No. 8

Buy back of own Shares or other Securities convertible into Equity Shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, however, seeks to lay down the operative provisions to regulate the buy back of Shares/Securities by the Companies. Hence it is expected that, in due course of time, the law would be amended to allow such buyback. It is proposed to buy back not exceeding such percentage of the total voting powers relating to the Shares or other Securities giving right to subscribe for Shares of the Company and such amount as may be decided by the Board within the limits, if any, as may be prescribed by the law, from time to time, from the existing equity share holders on a proportionate basis and or from the open market and/or from the lots smaller than market lots of the equity shares (odd lots), subject to necessary enactment in this regard. The buyback of Shares as aforesaid would entail investing of an amount which would not be less than the market value of the Shares or other Equity Shares giving right to subscribe for shares of the Company and shall be met out of the free reserves and/or share premium account and/or out of the proceeds of an issue specifically made for the purpose. The Shares so bought back shall be dealt with as per the then prevailing law/regulation. The Board is of the opinion that it will be in the best interest of the Company if Shareholders approve the said Resolution, should the provisions be enacted permitting such buy back, so that the Company will be able to implement this Resolution. The Resolution, if approved, will be operative for and will be given effect within a period of 15 months from the applicable date. The Resolution is an enabling provision aimed at facilitating the Company to buy back its own Equity Shares as soon as it is legally permissible. The Board commends the resolution for approval. None of the Directors of the Company is, in any way concerned or interested in the Resolution.

By Order of the Board of Directors,

Mumbai, 23rd June, 1998

**J. K. JAIN**  
Executive Chairman