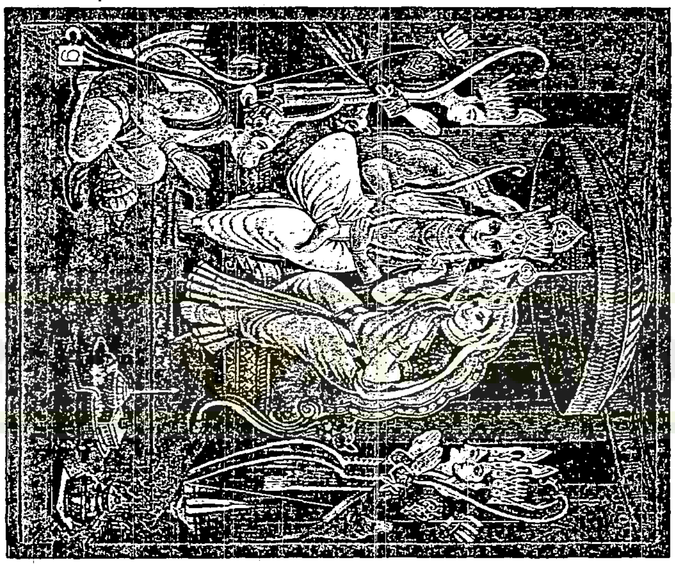
KAMADGIRI SYNTHETICS LTD.

The Mill of 21st Century

10th Annual Report, 1997



KAMADGIRI SYNTHETICS LTD.

The Mill of 21st Century

BOARD OF DIRECTORS	Pradip Kumar Goenka	Chairman & Managing Director
	Vijay Kumar Goenka	Director
	Lalit Kumar Goenka	Director
	G. A. Sompura	Nominee Director of GIIC

AUDITORS	R. S. Agrawal & Associates Chartered Accountants, Mumbai
BANKERS	Bombay Mercantile Co-op. Bank Ltd. Union Bank of India, Jankikund State Bank of India, Umbergaon Bank of Baroda
REGISTERED OFFICE	10, Singhania Wadi, 187, Dadiseth Agiary Lane, Chira Bazar, Mumbai - 400 002
PLANT	31/3 Gangadevi Road, Umbergaon - 396 171 Dist. Valsad (Gujarat)

Contents

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of the **KAMADGIRI SYNTHETICS LIMITED** will be held on Wednesday, the 27th August, 1997 at 4.30 p.m. at Singhania Wadi, 187, Dadiseth Agiary Lane, Mumbai - 400 002 to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date alongwith Directors' and Auditors' Reports thereon.
2. To declare a dividend.
3. 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.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass with or without modification(s) the following as an Ordinary Resolution:

   "RESOLVED THAT the Company hereby accords its approval and consent under Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and all other applicable statutory provisions, if any, to the re-appointment of Mr. Pradip Kumar Goenka as Managing Director of the Company and to his receiving remuneration, benefits and amenities for the period from 27th August, 1997 to 26th August, 2002, upon the terms, conditions and stipulations contained in an agreement to be entered into between the Company and Mr Pradip Kumar Goenka, a draft whereof is placed before the meeting and, for the purposes of identification, is subscribed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appoinment and or remuneration and/or agreement as maybe agreed to between the Board of Directors and Mr. Pradip Kumar Goenka, provided however that the remuneration payable to Mr. Pradip Kumar Goenka shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time.

   "RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto."

5. To consider and, if thought fit, to pass with or without modification(s) the following as an Ordinary Resolution:

   "RESOLVED THAT the Company hereby accords its approval and consent under Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and all other applicable statutory provisions, if any, to the appointment of Mr. Vijay Kumar Goenka as Joint Managing Director of the Company, for a period of five years with effective from 27th August, 1997 and to his receiving remuneration, benefits and amenties as Joint Managing Director of the Company upon the terms, conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Vijay Kumar Goenka, a draft whereof is placed before meeting and, for the purposes of identification, is subscribed by the Managing Director, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Director and Mr. Vijay Kumar Goenka, provided however that the remuneration payable to Mr. Vijay Kumar Goenka shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations, or guidelines inforce from time to time.

"RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto."

6. To consider and, if thought fit, to pass with or without modification(s) the following as an Ordinary Resolution :

"RESOLVED THAT the Company hereby accords its approval and consent under sections 198, 269, 309, 314, and applicable provisions, if any, of the Companies Act, 1956 and all other applicable statutory provisions, if any to the appointment of Mr. Lalit Kumar Goenka as Whole-time Director of the Company, for a period of five years with effective from 27th August, 1997 and his receiving remuneration, benefits and amenties as Whole-time Director of the Company upon the terms, conditions and stipulations contained in an agreement to be entered into between the the Company and Mr. Lalit Kumar Goenka, a draft whereof is placed before the meeting and, for the purposes of identification, is subscribed by the Managing Director, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Lalit Kumar Goenka, provided however that the remuneration payble to Mr. Lalit Kumar Goenka shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies rules, regulations or guidelines in force from time to time.

"RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to take all necessary or desirable steps for the aforesaid purpose and matters incidental thereto."

7. To consider and, if thought fit, to pass with or without modification(s) the following as a Special Resolution :

"RESLOVED THAT pursuant to section 31 of the Companies Act, 1956, the Article 124 of the exiting Articles of Association of the company be deleted and following new article 124 be substituted in place thereof."

124. The Board may from time to time with such sanction of the Central Government as may be required by law, appoint one or more of their body to the office of the Managing Director or Managing Directors or Whole-time Director(s) provided such Managing Directors or Whole-time Director(s) shall be Mr. Pradip Kumar Goenka / Mr. Vijay Kumar Goenka and/or any other Director nominated by Mr. Pradip Kumar Goenka & Mr.Vijay Kumar Goenka .

8. To consider and , if thought fit, to pass with or without modification(s) the following as a Special Resolution :

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessay and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions and which may be agreed to or accepted by the Board of Directors to acquire/ purchase any of its own shares on such terms and conditions and upto such limits as may be prescribed 2002 by law from time to time and that the Board of Directors be and it is hereby authorised to do all such acts, deeds, matters and things as may be necessary or proper to implement this resolution."

9. To consider and , if thought fit, to pass with or without modification(s) the following as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of section 31 of the Companies Act, 1956, the Articles of Association of the Company be and they are hereby altered by the addition of a new article 12A after article 12 as follows.:

'**Buy Back of Shares :**

12A Notwithstanding anything contained in the preceding Article 12, but subject to the provisions of the Act and all other applicable provisions of law, as may be in force at any time and from time to time, the Company may acquire, purchase, hold, re-sell any of its own fully / partly paid or redeemable shares and may make payment out of funds at its disposal for and in respect of such acquisition / purchase on such terms and conditions and at such times as the Board may in its discretion decide and deem fit."

Regd. Office:
10, Singhania Wadi,
187, Dadiseth Agiary Lane,
Mumbai - 400 002.

Place: Mumbai
Dated: 9th June, 1997.

By Order of the Board of Directors

Pradip Kumar Goenka
Chairman & Managing Director

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
2. Proxy Forms in order to be valid should be deposited at the Registered Office of the Company not less than 48 hours before the time for the meeting.
3. The Explanatory Statements pursuant to section 173 (2) of the Companies Act, 1956 in respect of item Nos. 4 to 9 are annexed.
4. Dividend, if declared, will be paid to those members whose names appear in the Register of the Members of the Company as on 27th August, 1997.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from **Wednesday the 20th day of August, 1997 to Wednesday, the 27th day of August, 1997 (both days inclusive).**
6. Unpaid Dividend : Pursuant to section 205 A of the Companies Act, 1956, the unclaimed dividend for the fi--nancial year 1993-94 is likely to be transferred in September, 1997 to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are reques--ted to claim the same from the Company before it is transferred to General Revenue Account of the Central Goverment.
7. Members are requested to:
   i) Quote their Folio Number in all correspondence with the Company.
   ii) Notify immediately to the Company any change in their address and the mandate, Bank details and A/c No.

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.: **4,5 & 6**

At the meeting of the Board of Directors held on 9th June, 1997, Mr. Pradip Kumar Goenka was appointed as the Managing Director of the company for the period of five years with effect from 27th August, 1997. At that meeting, the Board also appointed Mr. Vijay Kumar Goenka as Joint Managing Director and Mr. Lalit Kumar Goenka as Whole - time Director of the Company respectively, for five years with effect from 27th August, 1997 to 26th August, 2002. The material terms of the appointment and remuneration payable to Mr. Pradip Kumar Goenka, Mr. Vijay Kumar Goenka, and Mr. Lalit Kumar Goenka as embodied in the Agreement to be entered into with them upon receipt of the approval of the Members are as follows :

1. **Period :**

Mr. Pradip Kumar Goenka	Five years from 27th August, 1997.
Mr. Vijay Kumar Goenka	Five years from 27th August, 1997.
Mr. Lalit Kumar Goenka	Five years from 27th August, 1997.

2. Nature of Duties : Mr. Pradip Kumar Goenka, Managing Director,Mr. Vijay Kumar Goenka, Joint Managing Director & Mr. Lalit Kumar Goenka, Whole - time Director shall devote sufficient time and attention to the business and affairs of the Company and shall perform and discharge all such duties and responsibilities as may from time to time be assigned and entrusted to them by the Board of Directors. They shall be accorded and shall possess and exercise all such powers as may be required by and be granted to them for the proper performance, discharge and execution of their duties and responsibilities. They shall at all times be subject to the superintendence, control and direction of and shall be responsible and accountable directly to the Board of Directors.

3. Remuneration : The Managing Director, Joint Managing Director, & Whole - time Director shall be entitled to the following emoluments, benefits and perquisites during the period of their employment subject the ceiling limits laid down in section 309 and schedule XIII of Companies Act, 1956 :

1) **Salary** :

i) Salary of Mr. Pradip Kumar Goenka, Managing Director, in the scale of @ Rs. 5250-500-7500.

ii) Salary of Mr. Vijay Kumar Goenka, Joint Managing Director, in the scale of Rs. 5250-500-7500.

iii) Salary of Mr. Lalit Kumar Goenka, Whole - time Director, in the scale of Rs. 5250-500-7500.

2) **Perquisites** : Perquisites shall be restricted to an amount equal to annual salary. The perquisites payable to Managing Director, Joint Managing Director, Whole-time Director are categorised as under :

CATEGORY - A

i) **Housing :** The Company shall provide rent - free furnished residential accomodation to the Managing Director, Joint Managing Director and Whole - time Director or House Rent Allowance of 60% of salary in lieu thereof

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income-tax Rules, 1962.

ii) **Medical Reimbursement :** Membership of and subscription paid to any hospital and/or doctors' schemes and/or schemes of an insurance Company in India and all hospital and medical expenses incurred for self and family

iii) **Leave Travel Concession :** For self and family incurred in accordance with the rules specified by the Company.

iv) **Club Fees :** Fees of clubs, subject to a maximum of two clubs, not including admission and life membership fees.

v) **Personal Accident Insurance :** In accordance with the rules specified by the Company

For the above purposes, "family" means the spouse, dependent children and dependent parents of the Director.

CATEGORY - B

Company's contribution to the Provident Fund and the Pension Fund as per the Company's Rules provided that the Company's contribution to the Provident Fund and the Pension Fund will not be included in the computation of the ceiling on perquisites to the extent these either signly or put together are not taxable under the Income-tax Act. Gratuity shall be paid as per the Company's rules and will not be included in the computation of the ceiling on perquisites

Encashment of leave at the end of the tenure will be permitted in accordance with the Rules of the Company, and will not be included in the computation of the ceiling on perquisites.

CATEGORY - C

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

4. Where in any financial year, the Company has no profits or its profiits are inadequate, the remuneration payable will be in accordance with the provisions of section II of part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

5. In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the company may, in its discretion, increase the remuneration payable to them, subject to obtaining such approvals as may be required.

6. Other Terms :

i) They shall not become interested or otherwise concerned directly or through their wives and/or minor children in any selling agency of the company without the prior approval of the Central Government.

ii) They shall be entiled to reimbursement of all actual expenses including on entertainment and travelling incurred in the course of the Company's business.

iii) They shall be entiled to 30 days fully paid leave for every eleven months completed service.

iv) The appointment may be terminated by the Company or by them by giving not less than three months' prior notice in writing."

v) The agreements also set out the mutual rights and obligations of the Company and these Directors.

In compliance with the applicable provisions of the Companies Act, 1956, Ordinary Resolution in terms as set out in items 4,5 & 6 of the accompanying Notice are now being placed before the Members in the General Meeting for their approval.

Except Mr. Pradip Kumar Goenka, Mr. Vijay Kumar Goenka and Mr. Lalit Kumar Goenka no other Director of the Company is concerned or interested in the said Ordinary Resolutions.

This Explanatory Statement is and should be treated as an abstract under Section 302 of the Companies Act, 1956, of the Agreements to be entered into between the Company and Mr. Pradip Kumar Goenka, Mr. Vijay Kumar Goenka and Mr. Lalit Kumar Goenka.

ITEM NO. : 7

This existing Article 124 allows only Mr. Pradip Kumar Goenka & Mr. Vijay Kumar Goenka to be Managing Director or Whole-time Director of the Company.

The Company intends to appoint Mr. Lalit Kumar Goenka as Whole-time Director of the Company as mentioned in resolution No. 6 effective from 27th August, 1997. In order to facilitate appointment of other Directors as Managing or Whole - time Director also the article 124 need to be suitably altered. The alteration of Articles require approval of Shareholder by a special Resolution. The Directors recommend passing of this resolution.

The altered articles of association is kept for inspection during business hour between 11.00 a.m. to 1.00 p.m. on all working days.

Mr. Pradip Kumar Goenka, Mr. Vijay Kumar Goenka and Mr. Lalit Kumar Goenka are interested or concerned in this resolution.

None of the Directors is interested or concerned in this resolution.

ITEM NO. : 8 & 9

At present a Company having a share capital cannot purchase its own shares unless such purchase is authorised by its Articles of Association and is also approved by the shareholders by a Special Resolution and such Special Resolution is confirmed by the Court Section 77 of the Companies Act restricts the purchase of its own shares by a Company unless the same is done with a view to reduce its capital in pursuance of section 100 to 104 and Section 402 of the Companies Act, 1956. However, it is anticipated that amendments to the Companies Act may provide for buy back of shares subject to certain stipulations. The Directors, therefore, feel it would be desirable to have an enabling power from the shareholders for this purpose, in terms as set out in item 8 & 9 of the Notice .

Article No. 3 of the existing Articles of Association of the Company permits the Company to reduce its capital subject to the provisions of Section 78,80 and 100 to 105 of the Companies Act, 1956. Article 12 of the Articles of Association prohibits the Company from applying any of its funds for the purchase of any shares of the Company. In anticipitation of an amendment to the Companies Act, 1956 or the re-enactment thereof, it is proposed to consider the introduction of a new Article 12A in the Articles of Association of the Company as mentioned in the resolution set out at item 8 & 9 of the Notice to enable the Company to purchase any of its own Shares.

None of the Directors is interested or concerned in this resolution.

REGD OFFICE :
10, Singhania Wadi,
187, Dadiseth Agiary Lane,
Mumbai - 400 002.

Place : Mumbai.
Dated : 9th June, 1997.

By order of the Board of Directors

Pradip Kumar Goenka
Chairman & Managing Director