

GOODLASS NEROLAC PAINTS LIMITED.

SEVENTY-NINTH ANNUAL REPORT 1998-99

DIRECTORS:

DR. F. A. MEHTA, (*Chairman*)
D. M. KOTHARI, (*Vice Chairman*)
V. C. VAIDYA
S. K. KOBAYASHI
Y. KAWAMORI
K. HASEGAWA
T. R. VENKATESH, (*Managing Director*)
K. C. MEHRA
T. SHIRAIWA
H. IWAMOTO
H. M. BHARUKA, (*Deputy Managing Director*)
S. T. BHOBE, (*Director — Manufacturing & Engineering*)
P. S. KHANOLKAR, (*Director — Technical & Industrial Marketing*)

COMPANY SECRETARY:

G. T. GOVINDARAJAN

BANKERS:

UNION BANK OF INDIA, MUMBAI
STANDARD CHARTERED BANK, MUMBAI
THE BANK OF TOKYO — MITSUBISHI LTD., MUMBAI
PUNJAB NATIONAL BANK, MUMBAI
BANQUE NATIONALE DE PARIS, MUMBAI

AUDITORS:

A. F. FERGUSON & CO., MUMBAI



REGISTERED OFFICE:

'NEROLAC HOUSE'
GANPATRAO KADAM MARG, LOWER PAREL, MUMBAI 400 013.

FACTORIES:

GANPATRAO KADAM MARG, LOWER PAREL, MUMBAI 400 013.
KAVESAR, OFF GHODBUNDER ROAD, THANE 400 601.
B1, B2, JAINPUR INDUSTRIAL ESTATE, KANPUR DEHAT,
KANPUR, U.P.
F/2, MIDC, LOTE PARSHURAM, TALUKA KHED,
DISTRICT RATNAGIRI, MAHARASHTRA.

Annual General Meeting will be held on Thursday, the 22nd July, 1999 at the Bombay House Auditorium, Bombay House, Homi Mody Street, Fort, Mumbai 400 001 at 4.00 P.M. (S.T.)

Visit us at www.nerolac.com

IN YOUR OWN INTEREST

1. **Multiple Accounts:**

Please advise us all folio numbers for combining into one. Please also forward your respective Share Certificates to enable us to change folio numbers.

2. **Change of Address:**

Please intimate us change in address, as soon as possible.

3. **Unclaimed Dividend:**

Please claim your previous dividends, if any, not encashed. If the dividend warrants have been lost, please apply for duplicate warrants.

4. **Ledger Folio Number:**

Please quote your ledger folio number in all your communications with the Company.

5. **Transmission of Shares:**

In case of deceased shareholders, their relatives are requested to file death certificates, probate and such other documents for transmission of shares. Kindly contact our Secretarial Department for necessary formalities.

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GOODLASS NEROLAC PAINTS LIMITED**NOTICE**

NOTICE is hereby given that the Seventy-Ninth Annual General Meeting of the Shareholders of GOODLASS NEROLAC PAINTS LIMITED will be held at the Bombay House Auditorium, Bombay House, Homi Mody Street, Fort, Mumbai 400 001 on Thursday, the 22nd July, 1999, at 4.00 p. m. (S. T.) to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1999, and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Dr. F. A. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. K. Kobayashi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Y. Kawamori, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. K. C. Mehra, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Mr. H. M. Bharuka, who was appointed as an Additional Director of the Company, pursuant to Article 113 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956, but being eligible, offers himself for re-appointment and in respect of whom the Company has received notice in writing from some Shareholders proposing his candidature for the office of Director.
8. To appoint a Director in place of Mr. S. T. Bhohe, who was appointed as an Additional Director of the Company, pursuant to Article 113 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956, but being eligible, offers himself for re-appointment and in respect of whom the Company has received notice in writing from some Shareholders proposing his candidature for the office of Director.
9. To appoint a Director in place of Mr. P. S. Khanolkar, who was appointed as an Additional Director of the Company, pursuant to Article 113 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956, but being eligible, offers himself for re-appointment and in respect of whom the Company has received notice in writing from some Shareholders proposing his candidature for the office of Director.
10. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to authorise the Board of Directors to fix their remuneration.
11. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the appointment of Mr. H. M. Bharuka as a Wholtime Director designated as Deputy Managing Director for a period of five years commencing from 1st April, 1999, and ending on 31st March, 2004 (both days inclusive) on the remuneration and perquisites as set out in the draft Agreement to be entered into between the Company and Mr. H. M. Bharuka placed before this meeting and initialled by the Chairman for the purpose of identification.

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RESOLVED FURTHER that the Directors of the Company be and are hereby authorised to enter into an Agreement on behalf of the Company with Mr. Bharuka in terms of the aforesaid draft Agreement."

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

"RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the appointment of Mr. S. T. Bhobe as a Wholetime Director for a period of five years commencing from 1st April, 1999, and ending on 31st March, 2004 (both days inclusive) on the remuneration and perquisites as set out in the draft Agreement to be entered into between the Company and Mr. S. T. Bhobe placed before this meeting and initialled by the Chairman for the purpose of identification.

RESOLVED FURTHER that the Directors of the Company be and are hereby authorised to enter into an Agreement on behalf of the Company with Mr. Bhobe in terms of the aforesaid draft Agreement."

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

"RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the appointment of Mr. P. S. Khanolkar as a Wholetime Director for a period commencing from 1st April, 1999, and ending on 30th April, 2003 (both days inclusive) on the remuneration and perquisites as set out in the draft Agreement to be entered into between the Company and Mr. P. S. Khanolkar placed before this meeting and initialled by the Chairman for the purpose of identification.

RESOLVED FURTHER that the Directors of the Company be and are hereby authorised to enter into an Agreement on behalf of the Company with Mr. Khanolkar in terms of the aforesaid draft Agreement."

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

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

Insert the following Heading and Article as Article 64A after Article 64:

64A (1) For the purpose of this Article : -

Definitions 'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities & Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

Demateriali- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to
sation of dematerialise its securities and to offer securities in a dematerialised form pursuant to the
Securities Depositories Act, 1996.

Options for (3) Every person subscribing to securities offered by the Company shall have the option to receive
Investors security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

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If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on the receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- Securities in Depositories to be in fungible form** (4) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- Rights of Depositories and Beneficial Owners** (5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the 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 his securities which are held by a depository.
- Service of Documents** (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
- Transfer of Securities** (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- Allotment of securities dealt with in a Depository** (8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- Distinctive numbers of Securities held in a Depository** (9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
- Register and Index of Beneficial Owners** (10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security-holders for the purposes of these Articles."

Registered Office :
"Nerolac House",
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai 400 013.

For and on behalf of the Board

F. A. MEHTA
Chairman

Dated : 31st May, 1999.

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NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to Items No. 7, 8, 9, 11, 12, 13 and 14 is annexed hereto.
3. The Register of Members and the Transfer Books of the Company will remain closed from 2nd July, 1999 to 16th July, 1999 (both days inclusive).
4. The dividend, when declared, will be payable on or after 27th July, 1999, at Union Bank of India, Mumbai Samachar Marg, Mumbai and/or at its designated Branches in India, to those Shareholders, whose names appear in the Register of Members on 16th July, 1999.
5. Pursuant to Section 205A of the Companies Act, 1956, as it stood prior to the amendment of the Companies Act, 1956, by the Companies (Amendment) Act, 1999, all unclaimed dividends upto 56th Dividend for the year ended 31st March, 1994, have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai, by submitting an application in Form No. II to the aforesaid authority.



ANNEXURE TO NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956.

Items No. 7 and 11

Mr. H. M. Bharuka was appointed as an Additional Director of the Company on 1st April, 1999. Pursuant to Section 260 of the Companies Act, 1956, ("the Act") read with Article 113 of the Articles of Association of the Company, Mr. Bharuka holds the office only upto the date of the forthcoming Annual General Meeting.

Notice in writing has been received from some Shareholders of the Company, pursuant to Section 257 of the Companies Act, 1956, signifying their intention to propose Mr. Bharuka as a candidate for the office of the Director. As required by Section 257 of the Act, the Shareholders giving notice have deposited a sum of Rs. 500 with the Company which shall be refunded if Mr. Bharuka is elected as a Director.

Mr. Bharuka, was also appointed on 1st April, 1999, as a Wholtime Director designated as Deputy Managing Director of the Company for a period of five years commencing from 1st April, 1999, and ending on 31st March, 2004 (both days inclusive).

The remuneration and perquisites to be paid or granted to him, referred to in the Resolution at Item No. 11 of the Notice, are set out in the draft agreement between the Company and Mr. Bharuka.

The appointment of Mr. Bharuka as a Wholtime Director designated as Deputy Managing Director and the remuneration and perquisites proposed to be paid or granted to him as set out in the aforesaid draft Agreement are in conformity with the provisions and requirement of Schedule XIII to the Companies Act, 1956. Accordingly no approval of the Central Government is required to be obtained. These are however, subject to the approval of the shareholders in general meeting, pursuant to Sections 198, 269 and 309 and other applicable provisions of the Companies Act, 1956. Hence, the Resolution at Item No. 11 of the Notice.

Mr. Bharuka, aged 39, B. Com. , A. I. C. W. A, with a varied experience of around 19 years, joined the Company on 1st October, 1985, and was Director — Purchase & Powder Coating, prior to his appointment on the Board as Additional Director and Wholtime Director designated as Deputy Managing Director as aforesaid.

The material terms of the draft Agreement referred to in the Resolution at Item No. 11 of the Notice are as follows :

1. The appointment of Mr. H. M. Bharuka as a Wholtime Director of the Company (designated as Deputy Managing Director) shall be for a period of five years commencing from 1st April, 1999, and ending on 31st March, 2004, subject to the same being previously determined as provided for in the agreement.
2. Mr. Bharuka shall be primarily responsible for and be in charge of Purchase, Powder Coating, Information Technology, Finance & Commercial functions of the Company and shall exercise such powers and perform such duties as may be entrusted to him by the Managing Director and / or Board of Directors of the Company.
3. Mr. Bharuka shall report to the Managing Director and be responsible for all his actions to the Managing Director as well as to the Board. Management of the whole or substantially the whole of the affairs of the Company will not vest in Mr. Bharuka.
4. Mr. Bharuka shall devote his wholtime, attention and abilities during business hours to the business of the Company and undertake travelling in India and abroad for the same.
5. Remuneration : Mr. Bharuka shall be entitled to the following emoluments, benefits and perquisites, subject to the limits laid down under Sections 198 and 309 and Schedule XIII to the Companies Act, 1956 :
 - a) Salary :
Rs. 26,000 per month in the scale of Rs. 20,000 to Rs. 40,000 per month. Increments will be decided upon from time to time by the Board each year and will be merit based and take into account the Company's performance.

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- b) Perquisites and Allowances :
- i) In addition to the salary and commission payable, Mr. Bharuka shall be entitled to perquisites and allowances like Company provided accommodation / house rent allowance; house maintenance allowance, bonus, reimbursement of expenses or allowances for utilities such as gas, electricity, water, soft furnishing, hard furnishing and repairs, allowance for children, helper allowance, medical reimbursement or allowance, leave travel concession / assistance for himself and his family, club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Bharuka, the value of which shall not in the aggregate exceed 125% of the annual salary.
 - ii) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
 - iii) Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- c) Minimum Remuneration :
- Notwithstanding anything herein contained, where in any financial year, during the tenure of Mr. Bharuka, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of Salary and Perquisites specified above.
- d) Commission :
- Remuneration by way of commission will also be allowed in addition to Salary and Perquisites. The amount of it, based on the net profits of the Company in a particular year, shall be subject to the overall ceilings laid down in Section 198 and Section 309 of the Companies Act, 1956. The amount of commission will be such as may be determined at the discretion of the Board of Directors of the Company, at the end of each financial year.
6. Mr. Bharuka shall not be paid any sitting fees for attending the meetings of the Board of Directors or committees thereof.
 7. Mr. Bharuka shall be entitled to reimbursement of all actual expenses, including on entertainment and travelling, incurred in the course of the Company's business.
 8. In case of death of Mr. Bharuka during the course of his employment, the Company will pay to his legal personal representatives, the salary and other emoluments payable for the then current month.
 9. Mr. Bharuka shall not directly or indirectly engage himself in any business or activity substantially similar to or competing with the business or activity of the Company during the term of the Agreement.
 10. Mr. Bharuka shall not become interested or otherwise concerned directly or through his wife and / or minor children in any selling agency of the Company without the prior approval of the Central Government.
 11. Mr. Bharuka shall not divulge or disclose any information or knowledge obtained by him during his employment as to the business or affairs of the Company or any trade secrets or secret processes of the Company.
 12. Mr. Bharuka's employment shall be determined forthwith if he commits a breach of any of the aforesaid terms, disqualifies himself to act as a Director for any reason except inadvertent breach of Section 283 of the Companies Act, 1956, or becomes insolvent, makes any composition or arrangement with his creditors or ceases to be a Director of the Company.
 13. Either party shall be entitled to terminate the Agreement at any time, by giving to the other not less than 180 days' notice in writing in that behalf, provided that the Company shall be entitled to terminate the Agreement by giving six months' salary in lieu of notice.

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14. All Notices shall be in writing and shall be sent to the Company's Registered Office and to the last known residential address of Mr. Bharuka.
15. The Agreement with Mr. Bharuka shall be the entire Agreement between the parties and shall supersede and cancel all prior arrangements, agreements and understandings, oral or written, on the subject matter.
- Your Directors consider the aforesaid remuneration to be commensurate with the duties and responsibilities of Mr. Bharuka as a Wholetime Director designated as Deputy Managing Director.
- The draft Agreement between the Company and Mr. Bharuka referred to in the Resolution at Item No. 11 of the Notice will be open for inspection by the shareholders at the Registered Office of the Company between 11. 00 a. m. and 1. 00 p. m. on any working day except Saturday.
- The above Explanatory Statement relating to Item No. 11 concerning the appointment of Mr. Bharuka as a Wholetime Director designated as Deputy Managing Director may be treated as an abstract of the terms of the draft Agreement and the memorandum of concern or interest under Section 302 of the Companies Act, 1956.
- The Board commends the Resolutions at Items No. 7 and 11 for acceptance by the shareholders.
- Mr. Bharuka is interested in the Resolutions at Items No. 7 and 11 of the Notice since it relates to his own appointment.

Items No. 8 and 12

Mr. S. T. Bhobe was appointed as an Additional Director of the Company on 1st April, 1999. Pursuant to Section 260 of the Companies Act, 1956, ("the Act") read with Article 113 of the Articles of Association of the Company, Mr. Bhobe holds the office only upto the date of the forthcoming Annual General Meeting.

Notice in writing has been received from some Shareholders of the Company pursuant to Section 257 of the Companies Act, 1956, signifying their intention to propose Mr. Bhobe as a candidate for the office of the Director. As required by Section 257 of the Act, the Shareholders giving notice have deposited a sum of Rs. 500 with the Company which shall be refunded if Mr. Bhobe is elected as a Director.

Mr. Bhobe, was also appointed on 1st April, 1999, as a Wholetime Director of the Company for a period of five years commencing from 1st April, 1999, and ending on 31st March, 2004 (both days inclusive).

The remuneration and perquisites to be paid or granted to him, referred to in the Resolution at Item No. 12 of the Notice, are set out in the draft agreement between the Company and Mr. Bhobe.

The appointment of Mr. Bhobe as a Wholetime Director and the remuneration and perquisites proposed to be paid or granted to him as set out in the aforesaid draft Agreement are in conformity with the provisions and requirement of Schedule XIII to the Companies Act, 1956. Accordingly no approval of the Central Government is required to be obtained. These are however, subject to the approval of the shareholders in general meeting, pursuant to Sections 198, 269 and 309 and other applicable provisions of the Companies Act, 1956. Hence, the Resolution at Item No. 12 of the Notice.

Mr. Bhobe, aged 52, B. E. (Elec.), B. E. (Mech.), DOM with a varied experience of around 29 years, joined the Company on 16th July, 1980, and was Director — Manufacturing & Engineering, prior to his appointment on the Board as Additional Director and Wholetime Director as aforesaid.

The material terms of the draft Agreement referred to in the Resolution at Item No. 12 of the Notice are as follows :

1. The appointment of Mr. S. T. Bhobe as a Wholetime Director of the Company shall be for a period of five years commencing from 1st April, 1999, and ending on 31st March, 2004, subject to the same being previously determined as provided for in the agreement.
2. Mr. Bhobe shall be primarily responsible for and be in charge of Manufacturing and Engineering functions of the Company and shall exercise such powers and perform such duties as may be entrusted to him by the Managing Director and / or Board of Directors of the Company.
3. Mr. Bhobe shall report to the Managing Director and be responsible for all his actions to the Managing Director as well as to the Board. Management of the whole or substantially the whole of the affairs of the Company will not vest in Mr. Bhobe.
4. Mr. Bhobe shall devote his wholetime, attention and abilities during business hours to the business of the Company and undertake travelling in India and abroad for the same.

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5. Remuneration : Mr. Bhobe shall be entitled to the following emoluments, benefits and perquisites, subject to the limits laid down under Sections 198 and 309 and Schedule XIII to the Companies Act, 1956 :
 - a) Salary :
Rs. 28,000 per month in the scale of Rs. 20,000 to Rs. 40,000 per month. Increments will be decided upon from time to time by the Board each year and will be merit based and take into account the Company's performance.
 - b) Perquisites and Allowances :
 - i) In addition to the salary and commission payable, Mr. Bhobe shall be entitled to perquisites and allowances like Company provided accommodation / house rent allowance; house maintenance allowance, bonus, reimbursement of expenses or allowances for utilities such as gas, electricity, water, soft furnishings and repairs, allowances for children, helper allowance, medical reimbursement or allowance, leave travel concession / assistance for himself and his family, club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Bhobe, the value of which shall not in the aggregate exceed 125% of the annual salary.
 - ii) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
 - iii) Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
 - c) Minimum Remuneration :
Notwithstanding anything herein contained, where in any financial year, during the tenure of Mr. Bhobe, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of Salary and Perquisites specified above.
 - d) Commission :
Remuneration by way of commission will also be allowed in addition to Salary and Perquisites. The amount of it, based on the net profits of the Company in a particular year, shall be subject to the overall ceilings laid down in Section 198 and Section 309 of the Companies Act, 1956. The amount of commission will be such as may be determined at the discretion of the Board of Directors of the Company, at the end of each financial year.
6. Mr. Bhobe shall not be paid any sitting fees for attending the meetings of the Board of Directors or committees thereof.
7. Mr. Bhobe shall be entitled to reimbursement of all actual expenses, including on entertainment and travelling, incurred in the course of the Company's business.
8. In case of death of Mr. Bhobe during the course of his employment, the Company will pay to his legal personal representatives, the salary and other emoluments payable for the then current month.
9. Mr. Bhobe shall not directly or indirectly engage himself in any business or activity substantially similar to or competing with the business or activity of the Company during the term of the Agreement.
10. Mr. Bhobe shall not become interested or otherwise concerned directly or through his wife and / or minor children in any selling agency of the Company without the prior approval of the Central Government.
11. Mr. Bhobe shall not divulge or disclose any information or knowledge obtained by him during his employment as to the business or affairs of the Company or any trade secrets or secret processes of the Company.
12. Mr. Bhobe's employment shall be determined forthwith if he commits a breach of any of the aforesaid terms, disqualifies himself to act as a Director for any reason except inadvertent breach of Section 283 of the Companies