

25TH ANNUAL REPORT

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The
core of the Automotive and
Engineering Industry



KALYANI STEELS LIMITED

BOARD OF DIRECTORS

Mr. B. N. Kalyani
Chairman & Wholtime Director

Mr. V. S. Kirloskar

Mr. R. M. Gandhi

Mr. C. P. Shah

Mr. M. R. Kalewar

Mr. S.S. Hiremath

Mr. S. M. Kheny

Mr. N. K. Prasad

Mr. P. C. Nayak

Mr. V. G. Yennemadi

Mr. A. J. Advani
ICICI Nominee

Mr. K. G. Vassal
UTI Nominee

Mr. B. B. Hattarki
Joint Managing Director

AUDITORS

Dalal & Shah,
Chartered Accountants,
49-55, Bombay Samachar Marg,
Fort, Mumbai 400 023.

BANKERS

Bank of Baroda
Canara Bank
Union Bank Of India
ICICI Banking Corporation Ltd.
H D F C Bank Ltd.

REGISTRARS & TRANSFER AGENTS

MCS Limited,
116, Akshay Complex,
Off Dhole Patil Road,
Near Ganesh Mandir,
Pune - 411 001.

REGISTERED OFFICE

Mundhwa, Pune 411 036.

KALYANI STEELS LIMITED

Regd. Office : Mundhwa, Pune 411 036

**NOTICE**

NOTICE is hereby given that the **TWENTY FIFTH Annual General Meeting of the Members of Kalyani Steels Limited** will be held at the Training Centre of Bharat Forge Ltd. at Mundhwa, Pune - 411 036 on Tuesday, the 25th day of August, 1998 at 2.30 P. M. (I.S.T.) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended 31st March, 1998 and the Reports of the Directors and of the Auditors.
2. To declare a Dividend on Preference Shares.
3. To declare a Dividend on Equity Shares.
4. To appoint a Director in place of Mr. S. S. Hiremath, who retires by rotation, but being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. M. Kheny, who retires by rotation, but being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. V. G. Yennemadi, who retires by rotation, but being eligible, offers himself for re-appointment.

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

"RESOLVED THAT THE COMPANY'S AUDITORS, M/S. DALAL & SHAH, CHARTERED ACCOUNTANTS, MUMBAI, 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 AND THAT THE BOARD OF DIRECTORS BE AND IS HEREBY AUTHORISED TO FIX THEIR REMUNERATION FOR THE PERIOD."

SPECIAL BUSINESS :

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

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTIONS 198, 269, 309 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956, AND SUBJECT TO SUCH OTHER APPROVALS, IF ANY, THAT MAY BE REQUIRED, THE CONSENT OF THE COMPANY BE AND IS HEREBY ACCORDED TO THE REAPPOINTMENT OF MR. B. B. HATTARKI AS JOINT MANAGING DIRECTOR OF THE COMPANY FOR A PERIOD OF THREE YEARS WITH EFFECT FROM 29TH JUNE, 1998 TO 28TH JUNE, 2001 ON THE FOLLOWING REMUNERATION IN TERMS OF THE SCHEDULE XIII READ WITH OTHER RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956 RELATING TO MANAGERIAL REMUNERATION, AS AMENDED :

(I) SALARY

- i) BASIC SALARY OF RS.30,000/- (RUPEES THIRTY THOUSAND ONLY) PER MONTH.

- ii) SPECIAL ALLOWANCE OF RS. 32,000/- (RUPEES THIRTY TWO THOUSAND ONLY) PER MONTH.
- iii) VARIABLE ALLOWANCE OF RS. 18,500/- (RUPEES EIGHTEEN THOUSAND FIVE HUNDRED ONLY) PER MONTH.

(II) PERQUISITES

IN ADDITION TO SALARY, THE JOINT MANAGING DIRECTOR SHALL BE ENTITLED TO THE FOLLOWING PERQUISITES WHICH UNLESS THE CONTEXT OTHERWISE REQUIRES, ARE CLASSIFIED INTO THREE CATEGORIES 'A', 'B' AND 'C' AS UNDER :

CATEGORY 'A'

THIS WILL INCLUDE HOUSE RENT ALLOWANCE, LEAVE TRAVEL CONCESSION, MEDICAL REIMBURSEMENT ETC. THESE WILL BE PROVIDED FOR AS UNDER :

- (I) HOUSING I : THE EXPENDITURE BY THE COMPANY ON HIRING FURNISHED ACCOMMODATION FOR THE JOINT MANAGING DIRECTOR WILL BE SUBJECT TO CEILING OF FIFTY PER CENT OF THE BASIC SALARY.

HOUSING II : THE COMPANY WILL PROVIDE RENT FREE FURNISHED ACCOMMODATION.

HOUSING III : IN CASE NO ACCOMMODATION IS PROVIDED BY THE COMPANY, THE JOINT MANAGING DIRECTOR SHALL BE ENTITLED TO HOUSE RENT ALLOWANCE SUBJECT TO THE CEILING LAID DOWN IN HOUSING I.

(II) MEDICAL REIMBURSEMENT :

ACTUAL EXPENSES INCURRED FOR THE JOINT MANAGING DIRECTOR AND THE FAMILY.

(III) LEAVE TRAVEL CONCESSION :

FOR THE JOINT MANAGING DIRECTOR AND HIS FAMILY, ONCE IN A YEAR INCURRED IN ACCORDANCE WITH THE RULES SPECIFIED BY THE COMPANY.

- (IV) SUCH OTHER PRIVILEGES, FACILITIES, PERQUISITES AND AMENITIES AS MAY BE APPLICABLE FROM TIME TO TIME TO SENIOR MANAGERS OF THE COMPANY.

EXPLANATION : FOR THE PURPOSE OF CATEGORY 'A', 'FAMILY' MEANS THE SPOUSE, THE DEPENDENT CHILDREN AND DEPENDENT PARENTS OF THE JOINT MANAGING DIRECTOR.



CATEGORY 'B'

THIS WILL INCLUDE CONTRIBUTION TO PROVIDENT FUND, SUPERANNUATION FUND OR ANNUITY FUND AND ENCASHMENT OF LEAVE AS PER RULES. GRATUITY PAYABLE WILL NOT EXCEED HALF A MONTH'S BASIC SALARY FOR EACH COMPLETED YEAR OF SERVICE.

CATEGORY 'C'

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 PURPOSE SHALL BE BILLED BY THE COMPANY TO THE JOINT MANAGING DIRECTOR.

THE AMOUNT OF OVERALL REMUNERATION 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.

MINIMUM REMUNERATION :

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, WHERE IN ANY FINANCIAL YEAR, DURING THE CURRENCY OF TENURE OF THE JOINT MANAGING DIRECTOR THE COMPANY HAS NO PROFITS OR ITS PROFITS ARE INADEQUATE, THE COMPANY WILL PAY HIM REMUNERATION BY WAY OF SALARY AND PERQUISITES SPECIFIED ABOVE, SUBJECT TO A CEILING OF RS. 1,050,000/- SO HOWEVER THAT THE SAID CEILING SHALL NOT INCLUDE THE FOLLOWING PERQUISITES:

- (A) CONTRIBUTION TO PROVIDENT FUND, SUPERANNUATION FUND OR ANNUITY FUND TO THE EXTENT THESE EITHER SINGLY OR PUT TOGETHER ARE NOT TAXABLE UNDER THE INCOME TAX ACT, 1961,
- (B) GRATUITY PAYABLE AT A RATE NOT EXCEEDING HALF A MONTH'S BASIC SALARY FOR EACH COMPLETED YEAR OF SERVICE, AND
- (C) ENCASHMENT OF LEAVE AT THE END OF THE TENURE.

FURTHER RESOLVED THAT THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED AND EMPOWERED TO MAKE SUCH IMPROVEMENTS IN THE TERMS OF REMUNERATION TO MR. B. B. HATTARKI, AS MAY BECOME PERMISSIBLE UNDER ANY AND BY ANY AMENDMENTS TO SCHEDULE XIII TO THE COMPANIES ACT, 1956, OR BY WAY OF ANY GOVERNMENT GUIDELINES OR INSTRUCTIONS, THE INTENTION BEING THAT NO FURTHER APPROVAL OF THE COMPANY WILL BE REQUIRED SO LONG AS REMUNERATION OF THE JOINT

MANAGING DIRECTOR IS NOT IN EXCESS OF THE MAXIMUM PERMISSIBLE UNDER THE RELEVANT LAW, RULES, REGULATIONS, GUIDELINES OR INSTRUCTIONS AS MAY BE PROMULGATED OR ISSUED AFTER THE DATE OF THIS MEETING."

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

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTION 293(1)(a) AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956, AND SUBJECT TO SUCH OTHER APPROVALS, CONSENTS, PERMISSIONS OR SANCTIONS AS MAY BE REQUIRED FROM ANY OTHER BODY OR AUTHORITY IN THIS REGARD, CONSENT BE AND IS HEREBY ACCORDED TO THE BOARD OF DIRECTORS OF THE COMPANY (HEREINAFTER REFERRED TO AS "THE BOARD", WHICH TERM SHALL BE DEEMED TO INCLUDE ANY DULY AUTHORISED COMMITTEE THEREOF FOR THE TIME BEING CONSTITUTED TO IMPLEMENT THIS RESOLUTION OR ANY MATTER PERTAINING THERETO), TO SELL, TRANSFER, ASSIGN AND/OR DISPOSE OF THE UNDERTAKING OF THE COMPANY AT ITS MUNDHWA PLANT, CONSISTING OF FIXED ASSETS AND INVENTORIES, IN ANY MANNER WHATSOEVER TO KALYANI CARPENTER SPECIAL STEELS PRIVATE LIMITED, A JOINT VENTURE COMPANY BEING PROMOTED BY KALYANI STEELS LIMITED AND / OR ITS SUBSIDIARIES AND CARPENTER TECHNOLOGY CORPORATION, U.S.A. AND/ OR ITS SUBSIDIARIES, FOR A CONSIDERATION OF RS.650 MILLION (RS. SIX HUNDRED FIFTY MILLION ONLY), AND ON SUCH TERMS AND CONDITIONS AND IN SUCH MANNER AS THE BOARD MAY DECIDE AS MOST BENEFICIAL IN THE BEST INTEREST OF THE COMPANY.

FURTHER RESOLVED THAT THE BOARD BE AND IS HEREBY AUTHORISED ON BEHALF OF THE COMPANY TO DO ALL SUCH ACTS, DEEDS, MATTERS AND THINGS AS MAY BE NECESSARY OR EXPEDIENT TO GIVE EFFECT TO THIS RESOLUTION."

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

"RESOLVED THAT PURSUANT TO SECTION 372 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956 AND SUBJECT TO THE APPROVAL OF THE CENTRAL GOVERNMENT, IF REQUIRED, AND ALSO SUBJECT TO SUCH OTHER APPROVALS, CONSENTS, PERMISSIONS OR SANCTIONS, IF ANY REQUIRED FROM ANY OTHER BODY OR AUTHORITY IN THIS REGARD, APPROVAL OF THE MEMBERS BE AND IS HEREBY ACCORDED TO THE INVESTMENT EITHER BY WAY OF SUBSCRIPTION, PURCHASE OR OTHERWISE BY THE COMPANY IN THE EQUITY CAPITAL OF THE

PROPOSED KALYANI CARPENTER SPECIAL STEELS PRIVATE LIMITED AND KALYANI CARPENTER METAL CENTRES PRIVATE LIMITED, BOTH JOINT VENTURE COMPANIES, BEING PROMOTED BY KALYANI STEELS LIMITED AND/OR ITS SUBSIDIARIES AND CARPENTER TECHNOLOGY CORPORATION, U.S.A., AND/OR ITS SUBSIDIARIES, THE TOTAL AMOUNTS TO BE INVESTED IN BOTH THE PROPOSED COMPANIES NOT TO EXCEED RS.400 MILLION, NOTWITHSTANDING THAT THE AFORESAID INVESTMENTS ARE IN EXCESS OF THE CEILING PRESCRIBED UNDER SECTION 372(2) OF THE COMPANIES ACT, 1956 AND THAT THE AFORESAID INVESTMENTS TOGETHER WITH THE COMPANY'S EXISTING AND FUTURE INVESTMENTS IN ALL OTHER BODIES CORPORATE SHALL BE IN EXCESS OF THE PERCENTAGES SPECIFIED UNDER THE FIRST PROVISIO TO SECTION 372(2) OF THE COMPANIES ACT, 1956; AND THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED TO DETERMINE AND MAKE THE ACTUAL INVESTMENTS OF A SUM UPTO RS.400 MILLION IN THE TOTAL CAPITAL ISSUED OR RAISED BY THE ABOVE REFERRED COMPANIES AND TO DO OR CAUSE TO BE DONE AND/OR EXECUTE OR CAUSE TO BE EXECUTED ALL SUCH ACTS, DEEDS AND THINGS AS IT MAY THINK NECESSARY OR EXPEDIENT IN THE MATTER, INCLUDING OBTAINING APPROVALS OF ALL THE GOVERNMENT AND OTHER AUTHORITIES, IF REQUIRED, FOR MAKING THE INVESTMENTS FOR WHICH THE SANCTION IS HEREBY GIVEN AND TO SETTLE AND DECIDE ALL OR ANY MATTERS ARISING OUT OF AND INCIDENTAL OR ANCILLARY TO THE PROPOSED INVESTMENTS AND THE RIGHTS, POWERS AND OBLIGATIONS OF THE COMPANY VIS-A-VIS THE INVESTEE COMPANIES."

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

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTION 370 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956, THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED TO GIVE GUARANTEES OR PROVIDE SECURITIES, FROM TIME TO TIME, IN CONNECTION WITH A LOAN OR LOANS MADE BY ANY OTHER PERSON TO, OR TO ANY OTHER PERSON BY, ANY BODY OR BODIES CORPORATE, PROVIDED THAT THE AGGREGATE OF THE GUARANTEES SO GIVEN OR SECURITIES SO PROVIDED SHALL NOT AT ANY TIME EXCEED THE SUM OF RS.3000 MILLION (RUPEES THREE THOUSAND MILLION ONLY) IN THE AGGREGATE AND ON SUCH TERMS AND CONDITIONS AS THE BOARD MAY DEEMED FIT.

FURTHER RESOLVED THAT THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED TO DO ALL SUCH ACTS, DEEDS, MATTERS AND THINGS THAT MAY BE NECESSARY OR EXPEDIENT TO GIVE EFFECT TO THIS RESOLUTION."

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

"RESOLVED THAT PURSUANT TO SECTION 81 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956 AND SUBJECT TO SUCH CONSENTS, PERMISSIONS AND SANCTIONS AS MAY BE NECESSARY OF THE APPROPRIATE AUTHORITIES, INSTITUTIONS OR BODIES, CONSENT, AUTHORITY AND APPROVAL OF THE COMPANY BE AND IS HEREBY ACCORDED TO THE BOARD OF DIRECTORS OF THE COMPANY (HEREINAFTER CALLED "THE BOARD" WHICH TERM SHALL ALSO INCLUDE A COMMITTEE OF DIRECTORS CONSTITUTED FOR THE PURPOSE OF IMPLEMENTING THIS RESOLUTION OR ANY MATTER PERTAINING THERETO) TO ISSUE UPTO 1,500,000 CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RS.100/- EACH FOR CASH AT PAR TO ANY PERSON OR PERSONS, BANKS, INSTITUTIONS, BODIES CORPORATE OR OTHER AGENCIES ON PRIVATE PLACEMENT BASIS IN ONE OR MORE TRANCHES, IN ANY MANNER WHATSOEVER AT THE TIME TO BE FIXED BY THE BOARD OF DIRECTORS HEREAFTER, UPON THE FOLLOWING TERMS AND CONDITIONS AND SUBJECT TO FOLLOWING RIGHTS -

- 1) THE SAID CUMULATIVE REDEEMABLE PREFERENCE SHARES SHALL CARRY A FIXED CUMULATIVE PREFERENTIAL DIVIDEND AT THE RATE OF 12% PER ANNUM ON THE AMOUNT CREDITED AS PAID UP THEREON OR AT SUCH OTHER RATE OF DIVIDEND TO BE DETERMINED BY THE BOARD AT THE TIME OF ISSUE OF SAID CUMULATIVE REDEEMABLE PREFERENCE SHARES AND SHALL BE ENTITLED TO SUCH DIVIDEND AFTER THE ALLOTMENT ON PRO-RATA BASIS.
- 2) THE SAID CUMULATIVE REDEEMABLE PREFERENCE SHARES SHALL RANK FOR DIVIDEND IN PRIORITY TO THE EQUITY SHARES OF THE COMPANY.
- 3) THE SAID CUMULATIVE REDEEMABLE PREFERENCE SHARES SHALL BE REDEEMABLE ON THE 15TH MONTHS FROM THE DATE OF ALLOTMENT OR SUCH OTHER PERIOD AS MAY BE DETERMINED BY THE BOARD.
- 4) THE SAID CUMULATIVE REDEEMABLE PREFERENCE SHARES SHALL BE SUBJECT TO THE PROVISIONS CONTAINED IN THE MEMORANDUM OF ASSOCIATION OF THE COMPANY.



FURTHER RESOLVED THAT THE BOARD OF DIRECTORS BE AND IS HEREBY AUTHORISED TO MAKE SUITABLE CHANGES IN THE AFORESAID TERMS AS DEEMED FIT BY IT IN THE BEST INTEREST OF THE COMPANY.

FURTHER RESOLVED THAT FOR THE PURPOSE OF GIVING EFFECT TO THIS RESOLUTION, THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED TO DO ALL SUCH ACTS, DEEDS, MATTERS AND THINGS AS IT MAY, IN ITS DISCRETION, DEEM NECESSARY OR DESIRABLE AND ALSO TO SETTLE ANY QUESTION, DIFFICULTY OR DOUBT THAT MAY ARISE IN REGARD TO THE OFFER, ISSUE AND ALLOTMENT OF THE SAID PREFERENCE SHARES AS IT MAY THINK FIT."

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

"RESOLVED THAT CONSENT OF THE COMPANY BE AND IS HEREBY ACCORDED UNDER SECTION 293(1)(a) AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956 TO THE BOARD OF DIRECTORS OF THE COMPANY FOR MORTGAGING, HYPOTHECATING, CHARGING AND PLEDGING AND/OR CREATING A FLOATING CHARGE AND/OR ALSO TO CREATE LIENS, CHARGES AND ALL OTHER ENCUMBRANCES OF WHATSOEVER NATURE, ON ALL OR ANY OF THE COMPANY'S ASSETS AND PROPERTIES WHETHER IMMOVEABLE, MOVEABLE, CURRENT ASSETS OR STOCK-IN-TRADE (INCLUDING RAW MATERIALS, STORES, SPARE PARTS AND COMPONENTS, IN STOCK OR IN TRANSIT) AND WORK-IN- PROCESS, AND THE WHOLE OR SUBSTANTIALLY THE WHOLE OF ALL OR ANY OF THE UNDERTAKINGS OF THE COMPANY, WHERESOEVER SITUATE, PRESENT AND FUTURE, TOGETHER WITH POWER TO TAKE OVER THE MANAGEMENT OF THE BUSINESS AND CONCERN OF THE COMPANY IN CERTAIN EVENTS, IN SUCH FORM AND IN SUCH MANNER AS THE BOARD MAY THINK FIT AND PROPER, IN FAVOUR OF BANK OF MAHARASHTRA AS TRUSTEES FOR 14.25% SECURED REDEEMABLE PRIVATELY PLACED DEBENTURES OF RS.100/- EACH (XIV SERIES) AGGREGATING RS.100 MILLION AND IN FAVOUR OF THE INDUSTRIAL CREDIT & INVESTMENT CORPORATION OF INDIA LIMITED (ICICI) FOR THE TERM LOAN OF RS.150 MILLION AVAILED OF FROM THEM, TO SECURE THE PRINCIPAL AMOUNT TOGETHER WITH INTEREST, COMPOUND INTEREST, AND ALL COSTS, CHARGES AND EXPENSES AND ALL OTHER MONIES AS MAY BECOME DUE AND PAYABLE BY THE COMPANY IN THAT BEHALF TO THE DEBENTUREHOLDERS AND / OR ICICI AND TO VARY OR MODIFY EXISTING SECURITIES, FROM TIME TO TIME, IN SUCH MANNER AND IN SUCH FORM ON ALL OR ANY OF THE PROPERTIES OR PART OF ANY OF THE PROPERTIES AND THE UNDERTAKINGS OF THE COMPANY, BOTH PRESENT AND FUTURE, AS MAY

BE DECIDED BY THE BOARD AND AS AGREED TO BY THE DEBENTUREHOLDERS AND/OR ICICI .

FURTHER RESOLVED THAT THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED TO SIGN AND EXECUTE SUCH DOCUMENTS AND TO DO ALL SUCH ACTS AND THINGS AS MAY BE NECESSARY FOR GIVING EFFECT TO THE ABOVE RESOLUTION."

By Order of the Board of Directors
for KALYANI STEELS LIMITED

Pune
16th July, 1998

G.R. WARTY
COMPANY SECRETARY

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item No.8 to 13 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Members are requested to advise the Registrars and Transfer Agents of the Company, at their address given below, any changes in their address quoting their Folio Numbers, immediately.
4. If the dividend on Equity Shares as recommended by the Board of Directors is declared at the Meeting, the dividend warrants will be posted on and from 1st October, 1998 to those Members whose names appear in the Company's Register of Members on 10th August, 1998.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 3rd August, 1998 to Monday, the 10th August, 1998 (both days inclusive).
6. As required under Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of Central Government) (Amendment) Rules, 1988, the Members are hereby informed that a sum of Rs.2,51,813/- (Rupees two lacs fifty one thousand eight hundred thirteen only) pertaining to the Equity Dividend for the year ended 31st March, 1994 having not been claimed by some of the Shareholders within a period of three years, has been transferred to the General Revenue Account of the Central Government as required under Section 205 (5) of the Companies Act, 1956.

Registrars & Transfer Agents
MCS Limited
116, Akshay Complex,
Off Dhole Patil Road,
Near Ganesh Mandir,
Pune - 411 001.

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956.

ITEM NO. 8

Mr.B.B. Hattarki was reappointed as Joint Managing Director for the period of one year with effect from 29th June, 1997 and the said appointment was approved by the Members in the 24th Annual General Meeting held on 26th August, 1997.

In view of expiry of said term on 28th June, 1998, the Board has reappointed Mr.B.B. Hattarki as Joint Managing Director for a further period of 3 years with effect from 29th June, 1998, subject to the approval of the shareholders in the ensuing Annual General Meeting on the remuneration as set out in the resolutions at Item No.8 of the Notice.

The Powers to be conferred by Board to the Joint Managing Director shall be subject to Article 181 and the tenure of fixed three years shall be subject to Article 178 of the Company's Articles of Association.

Mr.B.B. Hattarki as the recipient of the remuneration may be regarded as concerned with or interested in the aforesaid resolution. No other Director of the Company is interested in the resolution.

The above may be regarded as an 'Abstract of the Terms of Appointment and Memorandum of Interest' under Section 302 of the Companies Act, 1956.

ITEM NO. 9 AND 10

The Members are aware that your Company is coming up with a Carbon & Alloy Steel Project under the Mini Blast Furnace route at Hospet in the state of Karnataka. This is a cost effective project since it is less power intensive and relies on iron ore as its raw material instead of scrap. The lower end of the Company's products viz. carbon steel and low alloy steel shall be manufactured at this project. The project is under completion and the manufacture of the first phase in the form of hot metal / pig iron has already begun. It is expected that the steel making and the rolling thereof will commence by beginning of August 1998. With this, it was thought fit to upgrade the the Mundhwa Plant under the Electric Arc Furnace route, to manufacture high value added speciality steels. It is in this regard that your Company has entered into a Joint Venture agreement with Carpenter Technology Corporation, USA.

Carpenter Technology Corporation (CTC), USA is one of the leaders of speciality steels manufacturers in the world, having state-of-the-art technology and a very sophisticated marketing network with instant feed back system all over the world. CTC has agreed to be associated with your Company by forming a Joint Venture for manufacturing and

marketing speciality alloy steels like tool steel, die steel, valve steel, stainless steel and grades D1, D2, M1, A2, H11 and H13 which fetch relatively higher price in the market and also give better contribution.

For this purpose your Company is in the process of forming two Joint Venture companies viz. Kalyani Carpenter Special Steels Pvt. Ltd. (KCSSPL) for manufacturing speciality alloy steels and Kalyani Carpenter Metal Centres Pvt. Ltd (KCMCPL) for marketing and distribution thereof in India. Your Company and/or its subsidiaries shall be holding 74% of the capital of KCSSPL and 49% of the capital of KCMCPL while the balance 26% and 51% of the capital, respectively, shall be held by CTC and/or its subsidiaries. The investment by your Company and/or its subsidiaries in KCSSPL and KCMCPL is expected to be upto Rs. 400 million.

The Joint Venture entails transfer of Mundhwa Plant to KCSSPL, the manufacturing company, on 'as is where is' basis as a going concern. The transfer involves the transfer of the entire running undertaking of the Mundhwa Plant, including fixed assets and inventories for a consideration of Rs.650 Million. KCSSPL shall also take over the existing employees of the Mundhwa Plant on a Continuous Service basis and assets / liabilities related to them.

KCSSPL shall be manufacturing Speciality Alloy Steels Products based on the Technology and Technical Assistance provided by CTC. These products shall be sold all over the world and it is expected that about 50% of the products shall be exported.

The Joint Venture with CTC will provide an access to latest technology and a well established network all over the world to market the Speciality Alloy Steels Products. These products have an inherent profit potential in view of their substantially increased value addition and contribution vis-a-vis the existing products of the Mundhwa Plant. Thus the new products shall be incremental to the existing products manufactured by the Mundhwa Plant and to that extent will add to the turnover and profitability of KCSSPL and consequently the profits of your Company. The consideration that your Company will receive on transfer of the Mundhwa Plant shall be utilised for part pre-payment of the Long Term Loans / Debentures raised by your Company, which will result in reduction in the interest costs as well.

The Joint Venture proposal has been appraised and approved by The Industrial Credit & Investment Corporation of India Limited, the lead financial institution. The Company has also approached the Consortium of Banks, Debentureholders and other lenders of the Company for their approval.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of the Company shall not, without the consent of the Company, sell, lease or otherwise dispose of the whole or substantially the whole of the



undertakings of the Company. The resolution as set out in Item No.9 of the Notice is, therefore, proposed under section 293(1)(a) and other applicable provisions of the Companies Act, 1956. The resolution proposes to authorise the Board of Directors of the Company to take all necessary steps in regard to the transfer of undertaking at the Mundhwa Plant, to KCSSPL.

The investments of the Company together with its subsidiaries in KCSSPL and KCMCPL are expected to be in the region of Rs. 400 million. The investments as above, may be in excess of any or all the percentages specified in Sub-Section (2) of Section 372 of the Companies Act, 1956 and the provisios thereto and hence approval of the Members of the Company is required. Application will be made to the Central Government in due course, if required. Hence the resolution at Item No. 10 of the Notice.

The Directors recommend the resolutions for the approval of the Members. None of the Directors of the Company is in any way concerned or interested in the resolutions.

ITEM NO.11

The Members of the Company at their Extra-ordinary General Meeting held on 19th November, 1994, pursuant to Section 370 of the Companies Act, 1956 approved a special resolution, authorising the Board of Directors to give guarantees or provide securities, from time to time in connection with a loan or loans made by any other person to, or to any other person by, any other body corporate or bodies corporate subject to a limit of Rs.2000 Million.

Your Company and / or its wholly owned subsidiaries are in the process of promoting KCSSPL and KCMCPL and propose to hold major shareholding in these Companies as mentioned hereinbefore and in view of this, your Company may be required to give guarantees or provide securities for KCSSPL and/or KCMCPL.

In view of this, it is proposed to obtain approval of the Members by means of a Special Resolution, to increase the limits under Section 370 of the Companies Act, 1956, authorising the Board of Directors to give guarantees or provide securities upto an amount of Rs.3000 Million. The Directors recommend the resolution for the approval of the Members. None of the Directors of the Company is in any way concerned or interested in the said resolution.

ITEM NO.12

The Company proposes to issue upto 1,500,000 Cumulative Redeemable Preference Shares of Rs.100/- each aggregating Rs.150,000,000/- which shall carry a fixed rate of dividend @ 12% per annum or at such other rate of dividend to be determined by Board at the time of issue of the said Preference

Shares. The issue of these Preference Shares will enable the Company to meet its requirement of funds for long term working capital margin, other corporate objectives and to redeem the existing Preference Shares when they become due.

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever the subscribed capital of the Company is proposed to be increased by allotment of further shares, such shares shall be offered to the Members who are holders of the Equity Shares of the Company in proportion to the capital paid up on those shares at that time. In case the shares are to be offered to any person other than the Members of the Company, approval of the Members is required by a Special Resolution.

The Resolution set out in the Notice at Item No.12 is recommended to the Members for approval. None of the Directors of the Company is concerned or interested in the resolution.

ITEM NO.13

In order to meet long term working capital requirements, normal capital expenditure and other requirements of funds, the Company has issued on Private Placement basis 14.25% Secured Redeemable Non Convertible Debentures to Canara Bank aggregating Rs.100,000,000/- and also availed a term loan of Rs.150,000,000/- from The Industrial Credit & Investment Corporation of India Ltd. As per the terms and conditions of the Debentures / Term Loan, they are required to be secured by mortgage / charge over the assets, properties and undertakings of the Company, present and future, or some of them, together with the power to take over the management of the Company's business and concern of the Company, in certain event, in favour of the Trustees for the Debentureholders and the financial institutions.

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia that the Board of Directors of the Company shall not without the consent of the Company, sell, lease or otherwise dispose of the whole or substantially the whole of the undertakings of the Company.

The resolution as set out in the Item No.13 of the Notice is, therefore, proposed under Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, which the Directors recommend to the Members for approval. None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board of Directors
for KALYANI STEELS LIMITED

Pune
16th July, 1998

G.R. WARTY
COMPANY SECRETARY

Notice

The Sixty-third Annual General Meeting of the Members of Eveready Industries India Ltd. will be held on Tuesday, August 11, 1998 at 10-30 a.m. at G. D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Calcutta - 700 019 to transact the following business :

1. To receive the Directors' and Auditors' Reports and pass the Accounts for the financial year ended March 31, 1998.
2. To declare a Dividend.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Resolutions :

5. As an Ordinary Resolution :

"RESOLVED that, Mr. Sreedhar Menon, who retires from the Board of Directors under Article 116(1) of the Articles of Association of the Company and who is eligible for re-appointment, be and is hereby re-appointed a Director of the Company."

6. As an Ordinary Resolution :

"RESOLVED that, Mr. A. Roy, who retires from the Board of Directors under Article 116(1) of the Articles of Association of the Company and who is eligible for re-appointment, be and is hereby re-appointed a Director of the Company."

7. As an Ordinary Resolution :

"RESOLVED that, Mr. R. L. Joseph, who retires from the Board of Directors under Article 116(1) of the Articles of Association of the Company and who is eligible for re-appointment, be and is hereby re-appointed a Director of the Company."

8. As an Ordinary Resolution :

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309 and 310 of the Companies Act, 1956, read with Schedule XIII to the said Act, approval be and is hereby accorded to the re-appointment of Mr. R. S. Jhawar as a Wholetime Director of the Company for a period of three years with effect from October 1, 1997 upon the terms and conditions as set out in the

Company's letter dated September 29, 1997 addressed to Mr. Jhawar, a copy whereof duly initialled by the Chairman for the purpose of identification is placed before the Meeting."

9. As an Ordinary Resolution :

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309 and 310 of the Companies Act, 1956, read with Schedule XIII to the said Act, approval be and is hereby accorded to the appointment of Mr. A. Roy as a Wholetime Director of the Company for a period of three years with effect from December 8, 1997 upon the terms and conditions as set out in the Company's letter dated December 8, 1997 addressed to Mr. Roy, a copy whereof duly initialled by the Chairman for the purpose of identification is placed before the Meeting."

10. As an Ordinary Resolution :

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309 and 310 of the Companies Act, 1956, read with Schedule XIII to the said Act, approval be and is hereby accorded to the appointment of Mr. R. L. Joseph as a Wholetime Director of the Company for a period of three years with effect from December 8, 1997 upon the terms and conditions as set out in the Company's letter dated December 8, 1997 addressed to Mr. Joseph, a copy whereof duly initialled by the Chairman for the purpose of identification is placed before the Meeting."

11. As an Ordinary Resolution :

"RESOLVED that, pursuant to Section 293(1)(e) of the Companies Act, 1956, consent of the Members be and is hereby given to the Board of Directors of the Company contributing upto Rs.2 crores to Magor Education Trust and upto Rs.1 crore to International Management Institute during the financial year ending March 31, 1999 notwithstanding that the aggregate of the amounts contributed during the said financial year to charitable and other funds not relating to the business of the Company or the welfare of its employees including the aforesaid contributions exceeds the limit as prescribed in the resolution passed by the Members at the 62nd Annual General Meeting held on September 24, 1997."

The Register of Members of the Company will remain closed from July 31, 1998 to August 11, 1998, both days inclusive.

Duly executed and stamped transfer deeds, along with the relative Share Certificates, should be submitted to the Company before the closure of the Register of Members for transfer registration.

The Dividend, if approved at the Meeting, will be paid to the Members registered on the Books of the Company as on August 11, 1998 or to their mandatees.

A Member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself. Such proxy need not be a Member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.

An Explanatory Statement relating to the items of Special Business is annexed hereto, as required under Section 173(2) of the Companies Act, 1956.

Registered Office :
1, Middleton Street,
Calcutta - 700 071

By Order of the Board

A. CHAKRAVARTI
Vice-President & Secretary

June 17, 1998.

Notes :

1. Unclaimed/Unpaid Dividends

Concerned Members have been informed that their dividends remaining unclaimed/unpaid aggregating to Rs.5.92 lakhs relating to dividend for the year 1993-94 paid on August 16, 1994 and Rs.4.45 lakhs relating to dividend for the year 1993-94 paid on August 22, 1994 by erstwhile McLeod Russel India Limited (since amalgamated with this Company) have been transferred to the General Revenue Account of the Central Government during the year.

2. Depository System

The Company has signed an Agreement with National Securities Depository Limited, Mumbai, to facilitate holding of and trading in shares of the Company in dematerialised form in accordance with the provisions of the Depositories Act, 1996. Interested shareholders may write to the Company at its Registered Office for further details in this regard.