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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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A n n u a l R e p o r t

AX INDIA LTD.



NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of Max India Limited will be held on Thursday, October 22, 1998 at 10.30 AM at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District Nawanshahr, Punjab - 144 533 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report and Audited Profit and Loss Account for the financial year ended April 30, 1998 and the Balance Sheet as at that date.
2. To confirm the payment of interim dividend.
3. To appoint a director in place of Dr. R. P. Soonawala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Dr. S.S. Baijal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration from the conclusion of this meeting until the conclusion of next Annual General Meeting. M/s Mohinder Puri & Co., Chartered Accountants, the retiring Auditors of the Company are eligible for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Ajay Bahl who was appointed as an Additional Director of the Company on November 27, 1997 and whose term of Office expires as per Section 260 of the Companies Act, 1956 at this Annual General meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the Office of Director be and is hereby appointed a Director of the Company."
7. To consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution** :

"RESOLVED THAT Mr. Rajender Nakra who was appointed as an Additional Director of the Company on February 9, 1998 and whose term of Office expires as per Section 260 of the Companies Act, 1956 at this Annual General meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the Office of Director be and is hereby appointed a Director of the Company."
8. To consider and if thought fit, to pass the following resolution with or without modification(s), as an **Ordinary Resolution** :

"RESOLVED THAT Mr. K.K. Mathur who was appointed as an Additional Director of the Company on April 24, 1998 and whose term of Office expires as per Section 260 of the Companies Act, 1956 at this Annual General meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the Office of

Director be and is hereby appointed a Director of the Company."

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

"RESOLVED THAT Mr. Vivek Jetley who was appointed as an Additional Director of the Company on April 24, 1998 and whose term of Office expires as per Section 260 of the Companies Act, 1956 at this Annual General meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the Office of Director be and is hereby appointed a Director of the Company."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956, subject to the limits specified in Schedule XIII to the said Act and subject to the approval of the Central Government, if required, the Company hereby approves and consents to the appointment of Mr. Vivek Jetley as the Managing Director of the Company with effect from August 3, 1998 for a period of 4 (four) years on a payment of remuneration not exceeding the limits set out hereunder :

A. SALARY

Rs.1,50,000/- per month with such increments as may be decided by the Board, from time to time, subject to a limit of Rs.2,50,000/- per month.

B. COMMISSION

Such percentage of the net profits as may be decided by the Board of Directors of the Company in each financial year.

C. PERQUISITES

In addition to Salary and Commission, the Managing Director will be entitled to Perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement, leave travel concessions, club fees, personal accident insurance, etc. in accordance with the rules of the Company, such perquisites being restricted to Rs.9,00,000/- (Rupees Nine lakhs only) per annum.

- I. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable, otherwise at actuals.

Provisions for use of Company car for official duties and telephone and other communication facilities at residence (including payment for local calls and long distance official calls) shall not be included in computation of Perquisites for the purpose of calculating said ceiling.

- II. Company's contribution to Provident Fund and Superannuation Fund not exceeding twenty seven percent of the Salary shall not be included in computation of limits for Perquisites as aforesaid.

- III. The total remuneration payable to the Managing Director including Commission and value of Perquisites and Company's contribution towards provident fund and superannuation fund shall not exceed Rs.60,00,000/- (Rupees Sixty lakhs only) for any financial year.

D. OTHER TERMS :

- I. The total remuneration including Commission, Perquisites and Company's contribution towards Provident Fund and Superannuation Fund payable to the Managing Director shall not exceed five percent where there is only one Managing/Whole Time Director and ten percent where there are more than one Managing/Whole Time Director, of the profits calculated in accordance with Sections 198 and 309 of the Companies Act, 1956.
- II. The Managing Director shall be entitled to reimbursement of all actual expenses, including on entertainment and travelling, incurred in the course of the Company's business.
- III. The Managing Director shall be entitled to fully paid leave as per Company's rule and leave not availed shall be encashed.
- IV. The Managing Director shall also be entitled to the benefits under other schemes, privileges and amenities such as hospitalisation etc. as are granted to the Senior Executives of the Company, in accordance with the Company's practice, rules and regulations in force, from time to time.
- V. The Company or Mr. Vivek Jetley, Managing Director shall be entitled at any time to terminate this appointment by giving three months written notice or by any shorter notice as may be accepted by the Board of Directors of the Company."

"RESOLVED FURTHER THAT Mr. Vivek Jetley, Managing Director be and is hereby authorised to exercise such powers of management, as may be delegated to him by the Board from time to time, subject however, to the overall superintendence, control and direction of the Board of Directors of the Company."

"RESOLVED FURTHER THAT in the event(s) of any relaxation by the Central Government in the provisions of Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to increase the remuneration and/or alter the terms of appointment of Mr. Vivek Jetley, Managing Director, as the Board may decide, from time to time."

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

11. To consider and if thought fit, to pass the following resolution with or without modification(s), 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/amended in the following manner :

- (A) The existing Article 3 be substituted by the following new Article and Marginal Note :

Buy back of shares

3. Notwithstanding anything to the contrary contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors of the Company may and if thought fit, buy back such of company's own shares or securities as it may think necessary, subject to such limit, upon such terms and conditions and subject to such approvals, permissions, consents as may be permitted by the law.

- (B) Insert the following Marginal Notes and Article as Article 13A after Article 13:

Dematerialisation of Securities

Definitions 13A (1). For the purpose of this Article :

'**Beneficial Owner**' means a person or persons whose name is recorded as such with a Depository.

'**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.

'**SEBI**' means the Securities & Exchange Board of India established under Securities & Exchange Board of India Act, 1992.

Dematerialisation/rematerialisation of Securities

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities, rematerialise its securities and/or to offer securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996.

Option for Investors

3. Every person subscribing to securities offered by the Company shall have the option to receive 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, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

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 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 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 372 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 purpose 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 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 contained in the Act or these Articles to the contrary, where Act 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 delivering 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 contained 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 on 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 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 Securityholders for the purposes of these Articles.

- (C) The existing Article 98A be deleted.
- (D) The existing Article 103 be substituted by the following new Article :
103. A Director may at any time resign from his office by notice in writing served on the Company and such resignation shall be effective when the said notice is received by the Company.
- (E) The existing Article 112 be substituted by the following new Article :
112. At each Annual General Meeting of the Company one-half of such of the Directors for the time being as are liable to retire by rotation, or if their number is not in multiple of two, then number rounded off to next integer, shall retire from office.
- (F) Insert the following Marginal Note and Article as Article 113A :

Retirement age of Directors

- 113A. From such date as the Board of Directors may determine in this regard, save and except Dr. Bhai

Mohan Singh, the directors, who are not in the employment of the Company, shall compulsorily retire on attaining the age of 75 years and those directors who are in the employment of the Company as managing or whole time directors shall compulsorily retire on attaining the age of 65 years.

- (G) The existing Article 119 be substituted by the following new Article :

119. (1) The Board shall meet together at least once in every three calendar months for disposal of business, adjourn and otherwise regulate its proceedings as it may think fit.

- (2) Notice of every meeting of the Board shall be given to the Directors in accordance with the provisions of Section 286 of the Act.

- (H) The existing Article 123 be substituted by the following new Article :

123. The Board may appoint a Chairman of the Board meetings and determine the period for which he is to hold office. All meetings of the Directors shall be presided over by the Chairman present but if at any meeting of the Directors the Chairman be not present at the time appointed for holding the same, then in that case, the Vice Chairman, if present, shall be the Chairman of such meeting and if the Vice Chairman be also not present, then in that case, the Directors shall choose one of the Directors present to preside at the meeting."

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

"RESOLVED THAT the title of "Chairman Emeritus" be and is hereby conferred upon Dr. Bhai Mohan Singh in recognition of his role as the Chairman of the Board of Directors of the Company and his contribution in that capacity to the Company's progress and success."

"RESOLVED FURTHER THAT upon the conferment of the title of "Chairman Emeritus" on him, Dr. Bhai Mohan Singh ceases to be the Chairman of the Board of Directors of the Company."

"RESOLVED FURTHER THAT Dr. S.S. Baijal be and is hereby appointed as the Chairman of the Board of Directors of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to meet such costs and expenses as may be incurred by Dr. Bhai Mohan Singh and Dr. S.S. Baijal in performance of their role as "Chairman Emeritus" and "Chairman" of the Board of Directors respectively and that the expenses that may be incurred by Dr. Bhai Mohan Singh and Dr. S.S. Baijal shall not in any way operate so as to confer any remuneration, perquisites, or benefits to the aforesaid persons, it being the intent that such payments shall be confined at all times to the actual expenses incurred in respect of performance of the foregoing roles in connection with the business of the Company."

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

"RESOLVED THAT consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and any other applicable provisions of the Companies Act, 1956 and subject to requisite approvals, consents and clearances from Company's bankers, lending financial institutions, trustees to the debenture-holders and/or other institutions/bodies, if and wherever necessary, to deal, negotiate and dispose off by way of sale, transfer or any other arrangement, plant and machineries, equipments and moveable assets whether with or without related liabilities of the Company in respect of its Electronic Division to Avnet Max Private Limited, a company incorporated as a joint venture between the Company and Avnet Holding II Corporation, U.S.A., a subsidiary of Avnet Inc., at such consideration in cash or otherwise, on such terms and conditions and in such form and manner which the Board of Directors may deem necessary in the best interest of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised and empowered to give effect to such arrangements and to do all such acts, deeds and things to accomplish the same and in furtherance thereof to enter into and/or execute any formal contract, agreements, deeds, papers, documents, indemnities, guarantees, bonds or other legal undertakings as may be considered to give effect to the aforesaid resolution."

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

"RESOLVED THAT in accordance with the provisions of Section 81 and subject to compliance of any other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, the listing agreements entered into by the Company with the Stock Exchanges where the equity shares of the Company are listed and subject further to approvals of Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and such other approvals, permissions and sanctions as may be required under applicable laws, rules and regulations and subject further to such terms, conditions, alterations, modifications, changes and variations that may be specified under any such approvals, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as "the Board"), be and is hereby authorised to accept, if it thinks fit, the consent of the Company be and is hereby accorded to the Board to issue, offer for subscription and allot such numbers of equity shares and/or convertible debentures, (fully or partly paid) and/or non-convertible debentures, all or any of the aforesaid with or without detachable or non-detachable warrants, and/or warrants of any nature and/or any other financial instruments (hereinafter for brevity's sake referred to as "Securities") as the Board at its sole discretion may at any time or times hereinafter decide, which securities, when issued or allotted would ultimately result in an increase in the paid up equity share capital of the Company by a percentage not exceeding 5% of the paid-up capital of the Company in any one financial year to person(s) who are in permanent and regular employment of the Company including working directors of the Company (except Directors who are Promoters of the Company) or in favour of a Trust, Society or any other entity in any combination thereof as the Board may in its absolute discretion decide that may be created or existing for the benefit of such person(s) under an "Employees Stock Option Scheme"

(hereinafter referred to as the "the Scheme") to be evolved in this regard and approved by the Board and as amended from time to time and on such terms and conditions including the Issue Price(s) and premium(s) as may be determined by the Board in accordance with the applicable guidelines issued by the Securities and Exchange Board of India or any other authority from time to time."

"RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner as aforesaid shall be entitled for dividend on a prorata basis from the date of allotment and on the amount paid-up on the new equity shares and shall rank pari-passu in all respects with the then existing equity shares of the Company and the Board be and is hereby authorised to amend, alter or modify the terms and conditions of the issue of such securities from time to time with regard to dividend and/or pari passu nature of such securities in accordance with the Articles of Association of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to all or any of the foregoing, the Board be and is hereby authorised inter-alia and from time to time, to evolve, decide upon and bring into effect the Scheme, or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority or person or body or persons or as the Board may decide on its own at its absolute discretion in the best interest of the Company and to do all such acts, deeds, matters and things whatsoever, including settling any question, doubt or difficulty that may arise with regard to or in relation to the Scheme or issue or allotment of securities under the Scheme, as it may, in its absolute discretion consider necessary, expedient, usual or proper in or about the premises and that all or any of the powers conferred on the Board vide this resolution may be exercised by the Board or such Committee thereof as the Board may constitute in this behalf."

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

"RESOLVED THAT in supersession of the resolution passed by the Shareholders at the Ninth Annual General Meeting of the Company held on September 24, 1997 and subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such consents, permissions and sanctions as may be required from the relevant authorities, the consent of the Company be and is hereby accorded for acquiring and holding the equity shares of the Company by Foreign Institutional Investors (FIIs) upto an aggregate limit of thirty percent of the paid-up equity share capital of the Company in addition to the acquisition and holding of equity shares of the Company by Non Resident Indians (NRI's), Persons of Indian Origin (PIO's), Overseas Corporate Bodies (OCB's) upto an aggregate limit of ten per cent of the paid-up equity share capital of the Company or upto such other limits as may be permitted by Law, from time to time."

"RESOLVED FURTHER THAT 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 sole

and absolute discretion deem necessary, expedient usual or proper and to settle any question, doubt or difficulty that may arise in the matter, in the best interest of the Company."

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

"RESOLVED THAT subject to applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard, from time to time), and subject to other approvals, permissions and sanctions, as may be necessary and subject further to such terms, conditions, alterations, changes and variations as may be specified while according such approvals which the Board of Directors of the Company (hereinafter referred as to the Board, which expression shall also include a Committee thereof) be and is hereby authorised to accept if it thinks fit, the consent of the Company be and is hereby accorded to the Board at its sole and absolute discretion to purchase or buy-back, from the existing holders of shares and securities referred to as 'securities' on a proportionate basis and/or from the open market and/or from any lots smaller than market lots of Securities (odd lots) and/or by purchasing securities issued/ to be issued to the employees pursuant to Employees Stock Option Scheme, out of its free reserves and/or out of premium accounts and/or any combination thereof 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 securities so bought back shall not exceed such percentage of the class of securities of the Company as may be permitted by law, from time to time."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may in its sole and absolute discretion deem necessary, expedient, usual or proper and to settle any question, doubt or difficulty that may arise in the matter."

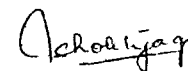
17. To consider and if thought fit, to pass the following resolution with or without modification(s), as a **Special Resolution** :

"RESOLVED THAT in conformity with Article 101 A of the Articles of Association of the Company and pursuant to Sections 198 and 309 and other applicable provisions of the Companies Act, 1956, the authority be and is hereby accorded to the Company for payment of commission to the directors of the Company (other than managing and whole-time directors) in addition to the prescribed sitting fees for attending each meeting as remuneration by way of commission at the rate of 1% of net profit of the Company (to be calculated in accordance with Sections 349 and 350 of the Companies Act, 1956) for a period of five financial years commencing from May 1, 1998; provided that such commission shall be payable to the aforesaid directors in such proportion as they may from time to time, decide amongst themselves only after the payment of or provision for remuneration and perquisites, etc., of the managing/ whole time directors."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise the terms for the payment of commission to the non-executive directors within the limits as may be prescribed by the Central Government, from

time to time and to do all such acts, deeds, matters and things as may in its sole and absolute discretion deem necessary, expedient, usual or proper and to settle any question, doubt or difficulty that may arise in the matter."

By order of the Board
for **MAX INDIA LIMITED**



ASHOK TYAGI
DGM - CORPORATE AFFAIRS

New Delhi
August 27, 1998

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be received at the Registered Office of the Company at Bhai Mohan Singh Nagar, Railmagra, Tehsil Balachaur, Distt. Nawanshahr, Punjab - 144533 at any time but not less than 48 hours before the meeting. A format of proxy is enclosed.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of this Notice.
4. The Register of Members and Share Transfer Books of the Company will be closed from Friday, October 16, 1998 to Thursday, October 22, 1998 both days inclusive.
5. The Company has appointed M/s. Mas Services Private Limited, New Delhi as the Share Transfer Agent of the Company effectivelly July 1, 1998. Shareholders are requested to kindly send all future correspondence with respect to their change of address, payment of dividend and transfer of shares etc. directly to the Share Transfer Agent at the following address :
Mas Services Private Limited Tel No. : 011-6104326
AB-4, Safdarjung Enclave 011-6104142
New Delhi - 110 029 Fax No. : 011-6181081
6. Members are requested to quote their Folio number(s) in all correspondence with the Company/Share Transfer Agent.
7. Members, holding more than one Share Certificates in the same name or same order of names under different folios are requested to apply for consolidation of such folios, to the Company's Share Transfer Agent at the address mentioned para 5 above.
8. In order to provide protection against fraudulent encashment of Dividend Warrants, Members are requested to provide their Bank Account Number, Name and Address of the Bank/branch to enable the Company to incorporate the same in the Dividend Warrants.
9. All documents including Memorandum & Articles of Association of the Company referred to in the proposed resolutions are open for inspection at the Registered Office of the Company during working hours between 9.30 a.m. and 1.00 p.m. except on holidays.

10. Shareholders desiring any information as regards Accounts, are requested to write to the Company at 20-A, Ring Road, Lajpat Nagar - IV, New Delhi - 110 024 at least seven days before the date of Annual General Meeting, for the attention of Mr. Ashok Tyagi, Dy. General Manager-Corporate Affairs so as to enable the management to keep the information ready.
11. Pursuant to Section 205A of the Companies Act, 1956, all dividends upto the financial year ended March 31, 1994 which remained unpaid or unclaimed have been transferred to General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants relating to the said period are requested to claim the amount from the Office of the Registrar of Companies, Punjab, H.P. & Chandigarh at 286, Defence Colony, Jalandhar City, Punjab. In case of any assistance required, please write to the attention of Mr. B. Das, Sr. Asst. Manager - Secretarial at Devika Tower, 6, Nehru Place New Delhi - 110 019.
12. Members/Proxy should bring the attendance slip duly filled-in for attend the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS SET OUT AT ITEM NOS. 6 TO 17.

Item No. 6 to 9

The following were appointed as Additional Directors by the Board of Directors during the year, pursuant to Section 260 of the Companies Act, 1956 and Article 109 of the Articles of Association of the Company :

Name	Date of Appointment
Mr. Ajay Bahl	- November 27, 1997
Mr. Rajender Nakra	- February 9, 1998
Mr. K.K. Mathur	- April 24, 1998
Mr. Vivek Jetley	- April 24, 1998

Pursuant to Section 260 of the Companies Act, 1956, the aforesaid Additional Directors can hold Office upto the date of this Annual General meeting. As required under Section 257 of the Companies Act, 1956, notices in writing have been received from some members of the Company alongwith requisite deposit, proposing their candidature for the office(s) of director of the Company.

Your Directors therefore, recommend the above resolutions for your approval.

No other Director except the aforesaid appointees are concerned or interested in the above resolutions concerning their respective appointments.

Item No. 10

The tenure of Mr. Analjit Singh as the Managing Director of the Company expired on July 30, 1998. In keeping with the avowed objective to further improve the quality of supervision of management by bringing in competent, independent and acclaimed professionals at the helm of the affairs of the Company, Mr. Analjit Singh has preferred not to seek re-appointment as the Managing Director of the Company. Instead, as the non-executive Vice Chairman of the Company, Mr. Singh shall be responsible for shaping the future of the Company in the emerging global scenario.

In view of the aforesaid, the Board of Directors in its meeting held on August 3, 1998 approved the appointment of Mr. Vivek Jetley as the Managing Director of the Company for a period of 4 (four) years effective from the aforesaid date, on the terms and conditions as set out in the proposed resolution.

Mr. Vivek Jetley has been associated with the Company in various capacities since 1989. Before taking over as the Managing Director, Mr. Jetley was incharge of Finance and Corporate Affairs of Max Group of companies. Mr. Jetley has played a pivotal role in arriving at strategic decisions aimed at maximizing the long term shareholders value of the Company.

Mr. Jetley holds a Masters Degree in Business Management besides being an Associate member of the Institute of Cost and Works Accountants of India and Licentiate Member of the Institute of Company Secretaries of India.

Since the remuneration and perquisites proposed in the above resolution are as per the provisions of Schedule XIII to the Companies Act, 1956, the Company will not be required to obtain any approval from the Central Government.

Your Directors therefore, recommend the above resolution for your approval.

None of the Directors of the Company except Mr. Vivek Jetley may be deemed to be concerned or interested in the passing of the above resolution.

The Notice and Explanatory Statement may be treated as the abstract of the terms of appointment and payment of remuneration to him as required to be circulated under the provisions of Section 302 of the Companies Act, 1956.

Item No. 11

It has been proposed to amend the Articles of Association of the Company for the reasons enumerated below :

- (A) Article 3 of the Articles of Association of the Company prohibits the Company from buying its own shares. It is proposed to substitute the said Article as set out in the resolution at item no. 11 (A) to enable the Company to purchase its own shares or securities, in the event it is permissible by law.
- (B) With the introduction of the Depositories Act, 1996, some of the provisions of the Companies Act, 1956 relating to the issue, holding, transfer, transmission of securities have been amended to facilitate the implementation of the Depository System. The Depository System of holding Securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a Company.

The Company has recently joined the Depository System and it is, therefore, proposed that the Company's Articles of Association be suitably altered, as set out in resolution 11 (B) to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the securities in such a system.

- (C) The existing Articles 98A referred in resolution 11 (C) is proposed to be deleted as it has become redundant.

- (D) In order to impart greater clarity as to the effective date of resignation of a director, Article 103 is proposed to be amended as set forth in resolution 11 (D).
- (E) After a detailed review of the Company's policy on & corporate governance issues such as, composition of the Board, compensation, attendance and the retirement age of both executive and non-executive directors leading to a well functioning, cohesive, participative and informed Board of Directors, certain enabling provisions are proposed to be introduced by amendment to Article 112 besides insertion of new Article 113A as set forth in resolution 11 (E) and (F).
- (G) The existing requirement of three clear days previous notice to the nominee directors for convening the Board meetings is proposed to be deleted by amendment to Article 119 as set forth in resolution 11 (G).
- (H) The existing Article 123 provides that in the absence of the Chairman, the Managing Director shall Chair the Board meetings. As the Company has a Vice Chairman in Mr. Analjit Singh, it is proposed that in the absence of the Chairman, the Vice Chairman shall occupy the Chair. Hence, the proposed amendment in the said Article.

Your Directors therefore, recommend the above resolution for your approval.

None of the Directors except Mr. Analjit Singh and Dr. Bhai Mohan Singh, being related to Mr. Analjit Singh are concerned or interested in the passing of above resolution 11 (F) and (H).

Item No. 12

In recognition of Dr. Bhai Mohan Singh's long standing role as the Chairman of the Board of Directors of the Company and the progress and success made by the Company during his stewardship, it is proposed that the title of "Chairman Emeritus" be conferred upon him.

The honour, if bestowed upon Dr. Bhai Mohan Singh shall not only be a fitting tribute to the contribution made by him over long years, but also help relieve him of the avoidable pressures and demands of Chairmanship of a fast growing conglomerate in keeping with the best traditions of corporate governance. However, the advice and guidance of Dr. Bhai Mohan Singh shall continue to be available to the Company as he will remain a Director of the Company.

Upon the conferment of the title of "Chairman Emeritus" on Dr. Bhai Mohan Singh, he would cease to be the Chairman of the Board of Directors of the Company. Your Directors, therefore, recommend the appointment of Dr. S. S. Baijal as the Chairman of the Board of Directors of the Company.

Dr. Baijal, aged 69 years, worked with Imperial Chemical Industries (India) Pvt. Ltd. (ICI) for over 30 years till he retired as the Chairman of ICI Companies in India in 1987. He has held several other important Board positions including that of Industrial Credit and Investment Corporation of India Limited (ICICI), DCM Limited, SIEL Limited, EID Parry (India) Limited, Jenson & Nicholson India Limited, Atul Limited, The Credit Rating Information Services of India Limited (CRISIL), etc.

Dr. Baijal was appointed a Director of the Company in the year 1988 and has been actively involved in the formation of the Company's Joint Ventures such as Max-GB Limited, Hutchison Max Telecom Limited, etc. Considering his background and deep involvement in the Company's affairs over the last decade, it is expected that the Company will further benefit from his guidance and experience as the Chairman of the Board of Directors of the Company.

It is also proposed to meet the expenses that may be incurred by Dr. Bhai Mohan Singh and Dr. S. S. Baijal on behalf of the Company, from time to time, in their new role as 'Chairman Emeritus' and 'Chairman', respectively.

Your Directors therefore, recommend the above resolution for your approval.

None of the Directors, except Dr. Bhai Mohan Singh, Mr. Analjit Singh being related to Dr. Bhai Mohan Singh and Dr. S. S. Baijal are concerned or interested in the passing of above resolutions.

Item No. 13

Your Company has formed a 40:60 joint venture with Avnet Holding II Corporation, USA, a subsidiary of Avnet Inc., a leading global electronic component distributor, under the name and style of Avnet Max Private Limited to engage in the activities of designing, marketing and distribution of electronic component products and to provide value added services through application based designs.

As part of the understanding reached with Avnet, certain fixed assets and equipments in respect of Company's Electronics Division are proposed to be transferred by way of sale to Avnet Max Private Limited on such terms and conditions as may be decided by the Board of Directors in the best interest of the Company.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public limited company, shall not, without the consent of its shareholders in General Meeting dispose off, the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any such undertakings.

Since the aforesaid proposal is for the sale of one of the Company's undertakings, approval of the Shareholders is required.

Your Directors recommend the above resolution for your approval.

None of the Directors, except Mr. Vivek Jetley being a Director of Avnet Max Private Limited may be deemed to be interested or concerned in the above resolution.

Item No. 14

In the present competitive environment in the country and in the long term interest of the Company and its Shareholders, it is necessary that the Company adopts measures for attracting and retaining qualified, talented and competent personnel. Stock Option Schemes, designed to foster a sense of ownership and belonging amongst personnel, are a well-accepted approach to this end. It is, therefore, appropriate to consider introducing a Stock Option Scheme for the permanent employees of the Company and its Managing/Whole Time Directors. The shares

may be allotted directly to employees or allocated in accordance with a Stock Option Scheme framed in that behalf, in accordance with the provisions of the prevailing law. It is intended that any such Stock Option Scheme shall not involve an issue/allocation of shares/options representing more than 10% of the Company's outstanding subscribed and paid-up capital at any time. The proposed Resolution is designed to achieve these objectives.

Section 81 of the Companies Act, 1956 provides, inter alia that whenever, it is proposed to increase the subscribed capital of a company by the allotment of further shares, such further shares shall be offered to the existing shareholders of a company in the manner laid down in the said Section unless the shareholders in General Meeting decide otherwise. The consent of the Shareholders is, therefore, sought to authorise the Board of Directors to issue the Shares in the manner set out in the resolution at Item No. 14.

Your Directors therefore, recommend the above resolution for your approval.

None of the Directors, except Mr. Vivek Jetley, Managing Director and Mr. Rajender Nakra, Director may be deemed to be interested or concerned in the above resolution.

Item No. 15

The Government of India by way of a Notification dated June 11, 1998 has liberalised norms for NRIs/PIOs/OCBs/FIIs under the portfolio investment scheme.

The Finance Ministry has segregated the ceilings for the NRIs/PIOs and OCBs from that of FIIs. As per the investment norms, the aggregate portfolio ceiling for NRIs/PIOs/OCBs has been enhanced to 10% of the paid up equity capital of the Company which would be in addition to the ceiling of 24/30% fixed for the FIIs.

The investment limit for a single NRI/PIO/OCB for purchase of shares in a company through Stock Exchanges under the portfolio investment scheme has been raised from 1% to 5% of the paid-up equity capital of a company.

The shareholders in its last Annual General meeting held on September 24, 1997 had fixed a 30% ceiling for FIIs including NRIs/OCBs. For the Company to avail benefits of this relaxation, the approval of the Shareholders is required to be sought.

Your Directors therefore, recommend the above resolution for your approval.

None of the Directors of the Company may be deemed to be interested or concerned in the above resolution.

Item No. 16

The Shareholders in their last annual general meeting held on September 24, 1997 had accorded their consent to enable the Company to buy-back the shares issued by the Company in terms of the guidelines proposed to be issued by the Government.

It is likely that the Government would shortly announce guidelines for the buy back of shares by a company. It is expected that such guidelines may contain a time limit for exercise of such buy back of shares.

If such a time limit is in fact introduced, the resolution passed by the Shareholders in the last annual general meeting held on September 24, 1997 shall be rendered ineffective.

To brace the Company with an enabling authority to exercise a buy back option, if so deem fit by the Board of Directors and subject to the requisite approvals, the approval on Resolution at item No. 16 is sought.

Your Directors therefore, recommend the above resolution for your approval.

None of the Directors of the Company may be deemed to be interested or concerned in the above resolutions.

Item No. 17

Pursuant to the review of the Company's policy on corporate governance issues by the Board of Directors and in an effort to attract and retain the best professional talent on the Board of the Company, the question of compensation payable to non-executive directors assumes an important dimension.

To secure better effort from non-executive directors, the Board recommends making payment of commission over and above the sitting fees payable to the directors, for the use of their professional inputs.

As per the provisions of Section 309 of the Companies Act, 1956, the Company can pay upto 1% of the net profits of the Company computed in accordance with the provisions of Sections 349 and 350 of the said Act.

Your Directors therefore, recommend the above resolution for your approval.

All the Directors of the Company except Mr. Vivek Jetley being the Managing Director, may be deemed to be interested or concerned in the above resolution.