

A New Beginning

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NICHOLAS
PIRAMAL
INDIA
LIMITED

ANNUAL REPORT
1996-97



Nicholas Piramal India Limited

BOARD OF DIRECTORS

Shri Ajay G. Piramal	<i>Chairman</i>
Smt. Urvi A. Piramal	
Shri G. P. Goenka	
Shri C. M. Hattangdi	<i>Managing Director</i>
Shri Y. H. Malegam	
Dr. Francis J. Pinto	<i>Chief Executive Officer</i>
Shri R. A. Shah	
Shri M. R. Shroff	
Shri B. K. Taparua	
Shri N. Vaghul	
Shri S. Venkitaramanan	
Shri J. C. Saigal	<i>President - Manufacturing Operations & VFCD</i>
Dr. (Smt.) Swati A. Piramal	<i>Chief Medical Officer</i>
Shri Vijay Shah	<i>Chief Executive Officer Flaconnage Division</i>
Shri R. P. Bharucha	<i>President - HRD & Legal</i>
Shri Mahesh S. Gupta	<i>Chief Financial Officer & Company Secretary</i>

Auditors

Haribhakti & Co., Mumbai

Solicitors

Crawford Bayley & Co.

Bankers

Allahabad Bank
Bank of Baroda
Bank of India
Canara Bank
Credit Lyonnais
Deutsche Bank
Dresdner Bank
Oriental Bank of Commerce
Societe Generale
State Bank of Hyderabad
State Bank of India
State Bank of Mysore
State Bank of Travancore
Syndicate Bank
The Hong Kong and Shanghai Banking Corp. Ltd.

Registered Office

Sion-Trombay Road, Deonar, Mumbai - 400 088

FACTORIES

Pharma :

- Sion-Trombay Road, Deonar, Mumbai - 400 088
- Plot 67-70, Sector II, Pithampur - 454 775
Madhya Pradesh
- Plot No.K-1, Additional M.I.D.C., Mahad,
Dist. Raigad, Maharashtra
- Balkum, Thane - 400 608
- Digwal Village, Kohir Mandal, Medak District,
Andhra Pradesh
- Kolshet Road, Thane (West) - 400 607

Flaconnage :

O.N.G.C. Road, Tarsadi Village, Kosamba (R.S.),
District Surat - 394 120 Gujarat

Contents	Pages
Management Review	1
Notice	4
Directors' Report	13
Report of the Auditors	18
Balance Sheet	20
Profit & Loss Account	21
Schedules to the Balance Sheet	22
Schedules to the Profit & Loss Account	29
Notes	31
Cash Flow	39
Balance Sheet Abstract	41
Annexure to Balance Sheet	42
Subsidiaries Accounts	
Global Home Products Limited	43
NPIL Fininvest Limited	51
Piramal International	54
Adelwise Investment Limited	56
Decade at a Glance	59

Annual General Meeting

at Walchand Hirachand Hall,
Indian Merchants' Chamber's Bldg.,
76, Veer Nariman Road, Churchgate, Mumbai - 400 020
Date : Tuesday, the 14th October, 1997
Time : 3.00 p.m.

SHARE TRANSFER AGENT :

Amtrac Management Services Limited

ADMINISTRATIVE UNIT :

Administrative Building,
Morarjee Mills Compound
Dr. Ambedkar Road, Parel
Mumbai - 400 012

PROCESSING UNIT :

C/o Arrow Webtex Limited
Plot No.101/102, MIDC
19th Street, Opp. Ceat Tyres Ltd.
Satpur, Nasik - 422 007

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



MANAGEMENT REVIEW OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1997

1. INTRODUCTION

Even as India completes 50 years of independence, a remarkable achievement for the world's most populous democracy, the Indian government has recognized the winds of change shaping the global economy, and moved to liberalize so as to encourage forward looking companies to become truly global competitors. To survive and prosper in this highly competitive market, a Healthcare company must build critical mass, must have access to global technology via strategic alliances, must crystallize its vision, must define its values and must think creatively to enhance shareholder value.

Our historic three way merger in 1996 - 97 is a pro-active response to these issues and positions our company to become a major player in the Healthcare arena with a clear vision for the 21st Century:

- To become the most admired Healthcare Company in India, with world class management capability.
- To boost shareholder value by improving Quality of Earnings.
- To build a state-of-the-art Medical - Marketing program in India in high tech biotechnology and diagnostic segments, where we are clear market leaders; while increasing market share in the anti-infective, gastro-intestinal, Nutritional, Cardiovascular and OTC sectors.
- To develop a powerful New Product pipeline, with the help of our research based strategic alliances.
- To build a robust and profitable global Flaconage business.
- To fulfill Trusteeship obligation to customers, employees, shareholders and society.

During 1996 - 97 our company completed several strategic initiatives, among them...

- The triple merger of the pharmaceutical businesses of Piramal Healthcare Limited (PHL) and Boehringer Mannheim India Limited (BMIL) with Nicholas Piramal India Ltd. (NPIL).
- The doubling of capacity in December 1996 of our world class pharmaceutical manufacturing plant at Pithampur in Madhya Pradesh, and its ISO 9001 certification.
- The strategic entry into bulk pharmaceuticals / fine chemicals via consolidation of the bulk drug business of Sumitra Pharmaceuticals & Chemicals Ltd. (SPCL) into NPIL.
- The investment in a state of the art bottle manufacturing facility at Jambusar, near Baroda, expected to be completed by early 1998.
- The closing down of the high cost PHL pharmaceutical plant at Tardeo in Mumbai in March 1996 and the BMIL Pharma and Chemical Plants at Thane in July 1997 with a satisfactory VRS for the employees, and the transfer of production to our very cost effective and state-of-the-art Plants at Pithampur and Mahad.

This integration of three large healthcare companies truly represents a new beginning for NPIL. Even as we unlock significant savings by streamlining plants and closing inefficient facilities, we expect shareholder value to be substantially enhanced by the synergies, scale benefits and superior growth associated with a modernised and dynamic new organisation.

2. FINANCIAL HIGHLIGHTS :

	31-Mar-97	(Rs. crores) 31-Mar-96
For the year :		
Total Revenue	524.92	187.81
Operating Profit (PBIDT)	100.54	47.48
Profit after Tax (PAT)	45.02	30.67
PBIDT as percentage of total revenue	19.15 %	25.28 %
Earnings per share - weighted average (Rs.)	17.16	17.64
Capital investment	212.67	70.54
PAT as a percentage of average net worth	17.55%	14.54 %
ROCE	20.45%	15.20 %
As at the end of the year :		
Total assets	511.81	330.90
Fixed assets	371.56	185.90
Working capital	118.79	128.21
Total debt	220.10	105.21
Net worth	289.63	223.47
Equity	27.71	17.39

SHARE CAPITAL

Equity Share Capital - History

Our paid up equity share capital as on 31st March 1997 was Rs. 27.71 crores. A brief history of changes in share capital during the last six years is given below :

		(Rs. in crores)
1990-91	Share Capital as on 31st March 1991	3.11
1991-92	Bonus 1:1	3.11
Mar 31, '92		6.22
1992-93	Rights Issue	1.89
Mar 31, '93		8.11
1993-94	Bonus 1:2	4.05
	FII Private Placement	3.03
Mar 31, '94		15.19
1994-95	Exercise of Warrants	2.20
Mar 31, '95		17.39
1996-97	Shares allotted to shareholders of SPCL	1.04
	Shares to be allotted to shareholders of BMIL and PHL	9.28
As on date	TOTAL	27.71



The equity share capital will further increase to Rs. 34.92 crores on exercise of warrants by the erstwhile shareholders of PHL who hold 962,180 warrants with a right to convert into 15 equity shares for every 2 warrants held on payment of Rs. 50/- per equity share during the period 16.12.97 to 15.12.99. These warrants were issued on Rights Basis by PHL (then known as Roche Products Limited). Except the conversion of these warrants, the Company does not envisage raising equity through the capital market, till the year 2000. The shares of the company are listed on the Bombay Stock Exchange, Ahmedabad Stock Exchange and National Stock Exchange and are permitted for trading in Over The Counter Exchange of India. During the year, the Company has entered into an agreement with The National Securities Depository Limited (NSDL) for custody and dematerialisation of securities in accordance with the Depositories Act 1995.

Shareholding Pattern

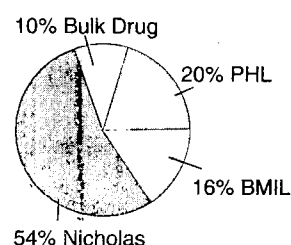
The broad shareholding pattern after considering the merger of Boehringer Mannheim India Limited and pharma division of Piramal Healthcare Limited is as follows :

Promoters	51%
Foreign Institutional Investors	11%
Financial Institution \Banks\Mutual Funds	16%
Public \ Others	22%
Total	100%
No. of Shareholders	79,000

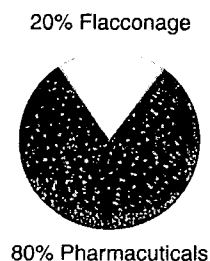
3. PHARMACEUTICALS DIVISION

Total revenues for 1996 - 97 were Rs. 524.92 crores, raising our company to the top five in Indian healthcare. With NPIL reaching the top 20 in 1994, the top 10 in 1995 and the top 5 in 1996-97, our rapid growth is among the foremost in the industry. A breakdown of our revenues is given below, showing the various components.

Total Rs. 524.92 crores



By Merged Business



By Business Segments

The dramatic impact on the product portfolio is evident from the chart below which illustrates the creation of strong franchises in virtually all the major therapeutic categories.

Sector	Nicholas	PHL	BM	New Product	New NPIL
Antibiotics	+	+	+	+	++++
Cardiovascular	+		+	++	++++
Diabetes			+	+	++
GastroIntestinal	+			+	++
Vitamins		+	+	+	+++
CNS		+		+	++
Dermatology	+			+	++
OTC	+	+		++	++++
High Tech Biotech		++	+	+	++++
Diagnostics			++	+	+++

The combined Field Force, now numbers over twelve hundred. There are only three companies in India with field forces of this size. Furthermore, the field force is being retrained, refocused and redeployed into five divisions (Nicholas, Extracare, Diagnostics, Biotek and OTC) so that the new NPIL can be operational by September 1997. Further strategic moves are underway to strengthen training and innovation with a view to develop world class marketing capability by 1998.

The Bulk Drug business all over India is going through a major downturn because of over capacity and competition from China. We have taken appropriate action by rationalising facilities and focusing on more profitable niche areas.

In manufacturing, the three companies together had five formulation plants and four fine chemical plants. In consultation and cooperation with the employees, innovative solutions were developed leading to the successful closure of four of these plants through appropriate VRS schemes by mid 1997. This should result in significant savings in operating costs.

The drive to develop a world class organisation is also reflected in the integration of the Finance, Human Resources / Legal and Supply Chain functions, each headed by an experienced professional. To enhance shareholder value, we have incentivized our senior employees via shares held in trust payable on achievement of challenging profitability and performance targets. The entire integrated organisation has been put in place with remarkable harmony, in record time.

NPIL now has more strategic alliances than any other healthcare company in India. These include our major partners Roche and Boehringer Mannheim; also Allergan, Scholl, Cytran and Stryker. We now have considerable experience in developing partnerships that prosper and our new product performance in 1996 - 97 reflected the successful launch of several new products from Roche. New product prospects are therefore very exciting with several products in the pipeline. These range from high tech research based products like



Erythropoeitin as well as a number of locally developed products customised for the Indian market. The company is also placing great emphasis on Infotechnology with multiple applications in the supply chain, manufacturing, finance and marketing areas.

4. Flaconnage Division:

Gujarat Glass, the flaconnage division of NPIL, manufactures glass containers exclusively for use in the pharmaceutical industry. It is the only unit in the country that manufactures bottles and vials both of sodalime glass conforming to USP Type III, and the most stringent borosilicate or 'neutral' glass conforming to USP Type I. Its customer base is concentrated amongst the top 50 in the pharmaceuticals industry. ('Captive' sales to NPIL accounts for less 5% of the total sales).

Operational Performance :

For the year ended March 1997, Gujarat Glass has achieved a sales of Rs.104 crores representing growth of 48 % over the previous year. This reflects an underlying growth of 68 % in the soda lime bottles segment and 17 % in the borosilicate vials segment. The sales break up for the division is 70 % for soda lime bottles and 30 % for vials.

Energy :

Energy costs account for a significant proportion of the manufacturing costs in glass manufacture. Access to natural gas as a source of fuel provides us with sustainable competitive advantage, both in terms of cost as well as a continuous source of clean fuel at both our manufacturing locations.

Our company's investment in the Wind turbine power project with a capacity of 8 MW has been yielding results in line with expectations and has also insulated us from power cuts.

We recently implemented a natural gas based captive power generation plant which will meet our entire requirement of 5 MW of power at Kosamba. This measure has substantially strengthened our competitive position and profitability.

Domestic market:

Gujarat Glass is the domestic market leader in the Indian pharmaceutical glass container market. A large part of our success stems from our focus on quality and customer service.

We are the first and only company in the pharma glass container market to have been awarded the ISO - 9002 certification by the internationally recognised Bureau Veritas Quality International (BVQI).

It is with a deep sense of satisfaction that we report that Gujarat Glass has been awarded the Best Vendor Award in the Packaging Materials category from the Organisation of Pharmaceutical Producers of India (OPPI). This award

bears testimony to our efforts to offer a level of service that is unmatched in the industry.

Expansion :

We are in the process of implementing a Rs. 120 crore expansion at Jambusar. This plant is being built incorporating state-of-the-art technology. It will be one of the largest dedicated amber pharma bottle manufacturing plants in the world.

Exports :

The expansion of our flaconnage business through the green field venture at Jambusar has unshackled our capacity constraint to explore export markets aggressively. We expect that exports will account for a significant portion of our sales, up from their current level of 5 % of sales. With the recent commencement of exports to countries in Australasia and Africa, we have been able to establish a distribution network that will enable us to step up our export activity with relative ease.

IN CONCLUSION :

This has been a year of great change. Through organic growth, mergers and acquisitions, your company has seen revenues surge beyond Rs. 500 crores. The integration process will be completed in 1997 and NPIL is already positioning itself to surpass Rs. 1000 crores before the turn of the century.

We are giving careful thought to Corporate Governance. Our new board will have an infusion of strong non-executive directors and capable executives from within. The Board has appointed new committees for audit, for board nominations and for remuneration. We have made NPIL our primary vehicle for future thrust and growth in healthcare. We will not raise fresh equity and incentivize our key managers to focus on enhancing shareholder value and improved return on assets.

In our drive to become a world class company, we have crystallized our vision and our values. Our emphasis on Quality, on Professional Management, on Human and Intellectual Capital, on New Technology and Products will surely help us make a major contribution to improved Healthcare in India.

Progress in the last decade, beginning with the acquisition of Nicholas is summarised below :

(Rs. Crores)	1988	1997	CAGR
Total Income	20	528	43%
Profit After Tax	0.8	45	57%
Net Worth	6.5	290	53%

The new NPIL looks forward with great hope and enthusiasm to a new century and a new millenium.

Ajay G. Piramal
Chairman

Mumbai, 29th August, 1997

Notice

NOTICE is hereby given that the Fiftieth Annual General Meeting of the members of Nicholas Piramal India Limited will be held at Walchand Hirachand Hall, Indian Merchants' Chamber's Building, 76, Veer Nariman Road, Near Churchgate Station, Mumbai 400 020 on 14th October, 1997 at 3.00 p.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 1997 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Y.H. Malegam, who was appointed in the casual vacancy of Dr. Adi Dastur, and since Dr. Adi Dastur was due to retire by rotation, Shri Y.H. Malegam retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri R.A. Shah, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri G.P. Goenka, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors/Branch Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

The retiring Auditors M/s. Haribhakti & Co have by their letter dated 28th August, 1997, expressed their desire not to seek re-appointment as Auditors.

The Company has received a notice in writing dated 28th August 1997 under section 225 of the Companies Act, 1956 from some members proposing appointment of M/s. Price Waterhouse, Chartered Accountants as Auditors of the Company and they are eligible for appointment.

SPECIAL BUSINESS :

7. Alteration of Articles of Association

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

"RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and these are hereby altered as follows :

- a) Article 2 of the Articles of Association shall include the following definitions at appropriate places:

"Beneficial owner" shall mean beneficial owner as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996;

"Depositories Act, 1996" shall include any statutory modification or re-enactment thereof ; and

"Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

- b) In Article 2 of the Articles of Association, the definition of "Member" shall be altered as follows :

"Member" means the duly registered holder from time to time of the shares of the Company and includes the subscribers of the Memorandum of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

- c) Article 4 of the Articles of Association shall include the following at the end :

The Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

- d) Article 11 of the Articles of Association shall be substituted by the following :

11. The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law, including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members Resident in that State or Country.

- e) Article 12 of the Articles of Association shall be substituted by the following :

12. The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to



the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

- f) Article 19(a) of the Articles of Association shall include the words "provided, however, no share certificate (s) shall be issued for shares held in a Depository" after the words "the amount paid-up thereon".

- g) Article 22 of the Articles of Association shall be substituted by the following :

22. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them.

- h) Article 24 of the Articles of Association shall be substituted by the following :

24.(A) The Company shall have the power, subject to and in accordance with all other applicable provisions of the Act to purchase any of its own shares whether or not they are redeemable, at such rate(s) and on such terms and conditions as the Board may deem fit and appropriate and make the payment for such purchase(s) and to keep them alive and/or reissue from time to time such number(s) of shares so purchased at such rate(s) and on such terms and conditions as the Board may deem fit and appropriate.

24.(B) Except to the extent permitted by Section 77 or other applicable provisions (if any) of the Act, the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of , or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.

- i) Article 53 of the Articles of Association shall be substituted by the following :

53. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share, whether or

not held in material form.

- j) After the existing Article 54, the following Article shall be inserted :

54(A). Nothing contained in the foregoing Article shall apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

- k) After the existing Article 55, the following shall be inserted as Article 55(A) :

55(A). In case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in electronic and fungible form, the provisions of the Depositories Act, shall apply.

- l) Article 111 of the existing Article be altered by substituting the word "twenty" for the word "twelve" occurring after the words, "nor more than", subject however, to the approval of the Central Government being obtained in this behalf.

8. Increase in number of Directors

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

"RESOLVED THAT pursuant to the provisions of section 258 of the Companies Act, 1956 and subject to the approval of the Central Government under section 259 of the Companies Act, 1956, the number of Directors of the Company be and is hereby increased from twelve(12) to twenty(20) upon the alteration in Article 111 of the Articles of Association of the Company proposed by the foregoing resolution becoming effective."

9. Shri Ajay G. Piramal, Chairman - payment of remuneration

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force), approval be and is hereby given to the payment of remuneration for a period of five years commencing from 1st April, 1997 to Shri Ajay G. Piramal as Chairman of the Company, not liable to retire by rotation, on the terms and conditions as are set out in the Agreement dated 28th August, 1997 entered into between the Company and Shri Ajay G. Piramal, which Agreement is hereby specifically approved, with the liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement, so as not to exceed the remuneration limits as specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto."

10. Dr. Francis J. Pinto - Director

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

"RESOLVED THAT Dr. Francis J. Pinto, who was appointed as a Director of the Company on 22nd January, 1997 under Article 115 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."

11. Dr. Francis J. Pinto - Wholetime Director

To consider and if thought fit, to pass, with or without modification(s), 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 (including any statutory modifications or re-enactment thereof for the time being in force), and subject to the approval of the Central Government being obtained, approval be and is hereby given to the appointment of Dr. Francis J. Pinto as Whole-time Director (designated as Chief Executive Officer) of the Company, for a period of five years commencing from 1st April, 1997, not liable to retire by rotation, on the terms and conditions including remuneration as are set out in the Agreement dated 28th August, 1997 entered into between the Company and Dr. Francis J. Pinto, which Agreement is hereby specifically approved, with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or Agreement, so as not to exceed the remuneration limits as specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto."

12. Shri J.C. Saigal - Director

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), members do hereby approve the re-appointment of Shri J.C. Saigal as Director in the whole time employment of the Company (designated as President- Manufacturing and VFCD Division), for a period of three years with effect from 3rd May, 1997 upon the same terms and conditions, including the payment of remuneration, perquisites and benefits and revised with effect from 1st July, 1997 as under, with the liberty and powers to the Board of Directors (including its Committee appointed for the purpose) to grant increments and to alter and vary from time to time, the amount and type of perquisites payable to Shri J.C. Saigal, within the limits specified in Schedule XIII of the Companies Act, 1956 ("the Act") or any

amendments thereto.

- I. Salary : Rs.65,000 per month with an authority to the Board to increase from time to time in accordance with Schedule XIII of the Act, as may be amended from time to time.
 - II. Commission : Subject to the ceilings stipulated in sections 198 and 309 of the Act, such percentage of the net profits of the Company or such quantum, as may be determined by the Board of Directors.
 - III. In addition to salary and commission Shri J. C. Saigal will be entitled to perquisites and allowances like accommodation or house rent allowance in lieu thereof, expenses in respect of gas, electricity, and water, furnishing and repairs, medical reimbursement and leave travel concession for self and his family, personal accident insurance and such other payments in nature of perquisites and allowances as may be decided by the Board of Directors.
 - IV. Shri J. C. Saigal shall be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified above :
 - a) Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act.
 - b) Gratuity as per the Rules of the Company's Gratuity Trust Fund.
 - c) Leave with full pay as per the Company's Rules. Encashment of Leave at the end of tenure is permitted.
 - V. The Company shall provide a car for use on Company's business and telephone at the residence of Shri J.C. Saigal. Shri J.C. Saigal shall be billed by the Company for personal long distance calls on telephone and use of car for private purposes.
- In the event of loss or inadequacy of profits, Shri J.C. Saigal shall be entitled to receive the same remuneration, perquisites and benefits as above.

13. Dr. (Smt.) Swati A. Piramal - Director

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory



modifications or re-enactment thereof, for the time being in force), the Company hereby approves the appointment of Dr. (Smt.) Swati A. Piramal as Director (designated as Chief Scientific Officer), in whole-time employment of the Company, not liable to retire by rotation, for a period of five years with effect from the date of the approval of the Central Government under section 259 of the Companies Act, 1956, for increase in the maximum number of Directors or such other date as the Board of Directors may decide, upon the terms and conditions including the payment of remuneration, perquisites and benefits payable to her as under, with liberty and powers to the Board of Directors (including any Committee appointed for the purpose) to grant increments and to alter and vary from time to time, the amount and type of perquisites payable to Dr. (Smt.) Swati A. Piramal, within the limits specified in Schedule XIII of the Companies Act, 1956 ('the Act') or any amendments thereto.

- I. Salary : Rs.75,000 per month with an authority to the Board to increase from time to time, in accordance with Schedule XIII of the Act, as may be amended from time to time.
- II. Commission : Subject to the ceilings stipulated in sections 198 and 309 of the Act, 1% (one percent) of the net profits of the Company, subject to a maximum as may be determined by the Board of Directors.
- III. In addition to salary and commission Dr. (Smt.) Swati Piramal will be entitled to perquisites and allowances like accommodation or house rent allowance in lieu thereof, expenses in respect of gas, electricity, and water, furnishing and repairs, medical reimbursement and leave travel concession for self and her family, club fees, personal accident insurance and such other payments in nature of perquisites and allowances as may be decided by the Board of Directors.
- IV. Dr.(Smt.) Swati Piramal shall be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified above :
 - a) Company's Contributions to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act.
 - b) Gratuity : As per the rules of the Company's Gratuity Trust Fund.
 - c) Leave with full pay as per the Company's Rules. Encashment of Leave at the end of tenure is permitted.
- V. The Company shall provide a car for use on Company's business and telephone at the residence of Dr.(Smt.) Swati

Piramal. Dr.(Smt.) Swati Piramal shall be billed by the Company for personal long distance calls on telephone and use of car for private purposes.

In the event of loss or inadequacy of profits, Dr. (Smt.) Swati Piramal shall be entitled to receive the same remuneration, perquisites and benefits as above.

14. Shri Vijay Shah - Executive Director

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the members do hereby approve the appointment of Shri Vijay Shah as Executive Director - *Flacconage Division (designated as Chief Executive Officer of the Company)* for a period of three years with effect from the date of the approval of the Central Government under section 259 of the Companies Act, 1956, for increase in the maximum number of Directors or such other date as the Board of Directors may decide, upon the terms and conditions including payment of remuneration, perquisites and benefits payable as under, with a liberty and powers to the Board of Directors (including its Committee appointed for the purpose) to grant increments and to alter and vary from time to time, the amount and type of perquisites payable to Shri Vijay Shah, within the limits specified in Schedule XIII of the Companies Act, 1956 ("the Act") or any amendments thereto.

- I. Salary : Rs.75,000 per month with an authority to the Board to increase from time to time, in accordance with Schedule XIII of the Act, as may be amended from time to time.
- II. Commission : Subject to the ceilings stipulated in sections 198 and 309 of the Act, such percentage of the net profits of the Company or such quantum, as may be determined by the Board of Directors.
- III. In addition to salary and commission, Shri Vijay Shah will be entitled to perquisites and allowances like accommodation or house rent allowance in lieu thereof, including reimbursement of expenses in respect of gas, electricity, and water, furnishing and repairs, medical reimbursement and leave travel concession for self and his family, personal accident insurance and such other payments in nature of perquisites and allowances as may be decided by the Board of Directors.
- IV. The Executive Director shall be eligible to the following perquisites, which shall not be included in the computation

of the ceiling on remuneration specified above :

- a) Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act.
- b) Gratuity as per the Rules of the Company's Gratuity Trust Fund.
- c) Leave with full pay as per the Company's Rules. Encashment of Leave at the end of tenure is permitted.

- V. The Company shall provide a car for use on Company's business and telephone at the residence of Shri Vijay Shah. Shri Vijay Shah shall be billed by the Company for personal long distance calls on telephone and use of car for private purposes.

In the event of loss or inadequacy of profits, the Executive Director shall be entitled to receive the same remuneration, perquisites and benefits as above.

15. Investment by FIIs, NRIs, etc.

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

"RESOLVED THAT in modification of the resolution passed at the 45th Annual General Meeting of the Company, held on 18th August, 1992 and subject to the compliance of the applicable provisions of the Foreign Exchange Regulations Act, 1973 and all other applicable provisions of any other law, and in conformity with the relevant guidelines issued/to be issued by the Reserve Bank of India, Securities and Exchange Board of India/Ministry of Finance, the consent of the Company be and is hereby accorded to allow Foreign Institutional Investors (FIIs), Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs) to acquire Shares/Convertible Debentures and/or other permissible securities of the Company within the overall ceiling limit of 30% of the paid up equity capital of the Company or such higher limit as may be permitted from time to time by the concerned authorities."

16. Place of keeping Register of Members, etc.

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

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, approval be and is hereby accorded to the keeping of the Register of Members / Debentureholders / Warrantholders, the Index of Members / Debentureholders / Warrantholders and copies of all annual

returns prepared under sections 159 and 160 together with the copies of the certificates and documents required to be annexed thereto under sections 160 and 161 of the Act, with the Share Transfer Agents, M/s. Amtrac Management Services Limited at their administrative unit at Administrative Building, Morarjee Mills Compound, Dr. Ambedkar Road, Parel, Mumbai 400 012."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members of the Company will remain closed from Wednesday, the 1st October, 1997 to Tuesday, the 14th October, 1997 (both days inclusive).
4. Dividend, if declared at the Annual General Meeting will be paid on or after 23.10.97 to those members whose names will stand on the Register of Members as on 14th October, 1997.
5. Members are requested to note that Amtrac Management Services Limited, having their Administrative Unit at Administrative Bldg, Morarjee Mills Compound, Dr. Ambedkar Road, Parel, Mumbai 400 012 and Processing Unit at C/o. Arrow Webtex Limited, Plot No. 101/103, MIDC, 19th Street, Opp. Ceat Tyres Limited, Satpur, Nashik 422 007, have been appointed as the Share Transfer Agents of the Company.
6. With a view to provide protection against fraudulent encashment of dividend warrants and debenture interest warrants, shareholders/debentureholders were requested by the Company to provide their bank account number, name and address of the Bank Branch to enable the Company to incorporate the said details on the dividend/interest warrants. Although several shareholders/debentureholders have responded to this request, a large number have yet to provide such information, who are once again requested in their own interest to provide the above mentioned details quoting their folio numbers to the Share Transfer Agent at their Nashik address. Members will appreciate that the Company will not be responsible for any loss arising out of fraudulent encashments of the dividend/ interest warrants.
7. Those members who have so far not encashed their dividend warrants for the below mentioned financial years may claim or approach the Company for the payment as the same will be transferred to the General Revenue Account of the Central Government on the respective dates mentioned thereagainst.