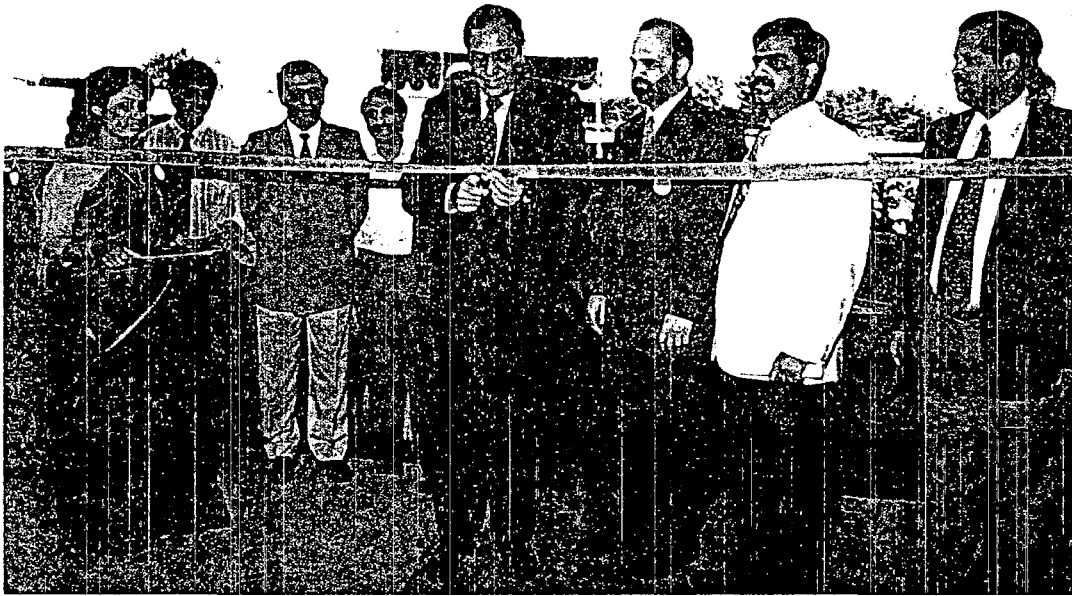


MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

PRAJ

11th Annual Report 1996-97



Mr. N. Vaghul, Chairman - ICICI, inaugurating PRAJ HOUSE - 22nd Jan '97



New collaboration with DRYTEC, UK for Drying Systems

PRAJ INDUSTRIES LIMITED

Regd. Office : 1216/6, Fergusson College Road, Pune - 411 004.(INDIA)

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of Praj Industries Limited will be held on Thursday, the 25th day of September, 1997 at 11.00 a.m. at "PRAJ HOUSE", Mumbai-Bangalore Highway (By-Pass), Opp. HEMRL, Bavdhan, Pune 411021 to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the year ended on that date together with Auditor's Report and Directors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri Berjis Desai, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modifications, 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 is hereby altered as follows:

- a. In Article 2 after the meaning of the expression "Marginal Notes" the following shall be inserted :-

"Member"

"Member" shall mean :

1. Subscribers to the Memorandum of the Company
2. Duly registered holder of the shares of the Company.
3. Person holding Equity Share Capital of a Company and whose name is entered as beneficial owner in the records of the Depositories.

"Beneficial Owner"

"Beneficial Owner" shall mean the beneficial owner as defined in Section 2 (1)(a) of the Depositories Act, 1996.

"Depositories Act, 1996"

The word "Depositories Act, 1996" shall include any statutory modification or re-enactment thereof.

"Depository"

The word "Depository" shall mean a Depository as defined in Section 2 (1)(e) of the Depositories Act, 1996.

- b. Article 34 be replaced with the following :
'The instrument of transfer of any share shall comply the provisions of Section 108 of the Act provided however that nothing contained in this Section 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.'
- c. Article 35 be replaced with the following :
'Shares in the Company shall be transferred in accordance with the provisions of Section 111 A of the Act.'
- d. To insert the following Articles after the existing Article 36 :
Article 36A :
'Save as herein otherwise provided, 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 (except as ordered by court of competent jurisdiction or as by law required) 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'

Article 36B :

'The Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form

The Company shall further be entitled to maintain a Register of Members with the details of members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.'

Article 36C :

'In the 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 an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.'

6. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to Section 94 (1)(a) of the Companies Act, 1956 and Article 4 of the Articles of Association of the Company, Authorised Share Capital of the Company be increased from Rs. 4,50,00,000/- (Rupees Four Crores Fifty Lakhs Only) to Rs. 9,00,00,000/- (Rupees Nine Crores Only) by creation of 45,00,000 (Fortyfive Lacs) Equity Shares of Rs 10/- (Rupees Ten Only) each.

RESOLVED FURTHER THAT the existing clause V of the Memorandum of the Company be and is hereby substituted by the following :

V. The Authorised Capital of the Company is Rs. 9,00,00,000/- (Rupees Nine Crores only) divided into 90,00,000 (Ninety Lacs) Equity Shares of Rs 10/- each with the power to increase, divide, subdivide into various classes of shares and attach thereto such preferential rights, privileges, conditions as may be determined by the Company in accordance with its regulations "

7. 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, the Company hereby accords its sanction and authorises the Board of Directors of the Company (hereinafter referred to as the "Board") to mortgage and/or charge, in addition to the mortgages / charges created to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertakings of the Company, in favour of the Lenders, Agents and Trustees for securing the borrowings of the Company availed/ to be availed by way of Loans and Securities, issued or to be issued by the Company, from time to time, subject to the limit upto Rs.30,00,00,000/- (Rupees Thirty Crores Only)

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to finalise, settle and execute such documents/ deeds/ writings/ papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/ charges as aforesaid "

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

"RESOLVED THAT subject to the provisions of the relevant laws as applicable from time to time and subject to such consents, permissions and sanctions as may be required from appropriate authorities, the consent of the Company be and is hereby accorded for acquiring and holding of Equity Shares of the Company, by the Foreign Institutional Investors (FIIs), Overseas Corporate Bodies (OCBs) and Non-Resident Indians (NRIs) upto an aggregate limit of 30% of the paid-up Equity Share Capital of the Company or upto such other limit as may be permitted by law and approved by the Board of Directors of the Company, provided however that the Equity Shareholding of a single FII or a sub-account of an FII in the Company shall not at any time exceed 10% of the paid-up Equity Share Capital of the Company or such other limit as may be permitted by law and approved by the Board of Directors of the Company

RESOLVED FURTHER 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 and execute all such documents, deeds and writings as may be required for the aforesaid purpose and which it may deem fit in the interest of the Company."

- 9.(a) To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 (hereinafter referred to as 'The Act') and provisions contained in the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the re-appointment of Shri. Pramod Chaudhan as Managing Director of the Company for a further period of five years with effect from 1st August, 1997 on the remuneration set out in the draft agreement tabled before the meeting and initialled by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification, substitution or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to the Resolution."

- 9.(b) To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 (hereinafter referred to as 'The Act') and provisions contained in the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the re-appointment of Shri Shashank Inamdar as Deputy Managing Director of the Company for a further period of five years with effect from 1st August, 1997 on the remuneration set out in the draft agreement tabled before the meeting and initialled by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification, substitution or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to the Resolution."

- 9.(c) To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 (hereinafter referred to as 'The Act') and provisions contained in the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the re-appointment of Shri. Anil Deshpande as Director (Business Development) of the Company for a further period of five years with effect from 1st August, 1997 on the remuneration as set out in the draft agreement tabled before the meeting and initialled by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification, substitution or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to the Resolution."

- 10 To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 309(a) of the Companies Act, 1956 and Articles 73 (2) of the Articles of Association of the Company consent of the Company be and is hereby accorded to the payment to the Directors of the Company (not being Managing Whole-time Director(s)), of a commission at the rate not exceeding one percent of the net profits of the Company, calculated as per the provisions of Sections 349 & 350 of the Companies Act, 1956, to be distributed between such Directors in such manner as the Chairman may determine from time to time.

RESOLVED FURTHER THAT this resolution shall remain in force for a period of five years w.e.f. 1st April, 1997."

11. To pass with or without modifications the following resolution as an Ordinary Resolution :

"RESOLVED THAT, subject to the approval of the Central Government, pursuant to Section 372 of the Companies Act, 1956, and subject to the provisions of Foreign Exchange Regulation Act, 1973, and other applicable provisions, if any, consent of the shareholders be and is hereby accorded to the Company for making investment in the shares of a Company to be incorporated in United Kingdom and/or the Republic of Ireland and/or the Netherlands as a wholly owned subsidiary of the Company in excess of the limits as specified in Section 372 of the Companies Act, 1956, but not exceeding US Dollars Four Million.

RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution, notwithstanding such investment is in excess of 30% of the paid-up share capital of the Investee Company."

By Order of the Board of Directors

Place : Pune
Date : 21st June, 1997

DEEPAK MOGAL
COMPANY SECRETARY

Notes :-

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
- The proxy form duly completed must reach the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of items 5 to 12 set out above is annexed herewith.
- Dividend Warrants in respect of dividend on existing Equity Shares of the Company, when declared will be paid to those members whose names stand on the Company's Register of Members on 25th September, 1997.
- Members are requested to notify any change of their addresses to the Company well in advance to avoid procedural delays.
- Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
- Members are requested to notify in writing their queries on Accounts, etc. at least 48 hours before the date of Meeting to facilitate resolution thereof.
- Members are requested to note that the REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY shall remain closed from 2nd September, 1997 to 25th September, 1997 (both days inclusive).

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 5

Consequent to the passing of the Depositories Act, 1996 and introduction of the Depository System, some of the provisions of the Companies Act, 1956, pertaining to issue, holding, transfer and dealing in shares and other securities as also certificates thereof have been amended so as to facilitate the Depository System. The Company has entered the Depository System. A few Articles in the Articles of Association of the Company pertaining to issue, holding and dealing in shares and securities which were in line with the erstwhile provisions of the Companies Act, 1956, are conflicting with the provisions of the Depositories Act, 1996 and therefore the relevant Articles need to be amended.

The Directors recommend the resolution for your approval.

None of the Directors are directly or indirectly interested in the above resolution.

ITEM NO. 6

The present Authorised Capital of the Company is Rs. 4,50,00,000/- (Rupees Four Crores Fifty Lakhs Only). It is proposed to increase the Authorised Capital of the Company to Rs. 9,00,00,000/- (Rupees Nine Crores Only) as set out in Item No.6 of the accompanying notice. This increase is to accommodate any future increase in share capital that might be considered necessary.

Under the said Resolution at this item, consent of the shareholders is sought pursuant to the provisions of Section 94 (1) of the Companies Act, 1956. The Directors recommend the resolution for your approval.

None of the Directors are directly or indirectly interested in the above resolution.

ITEM NO. 7

The Company has taken and will be taking in future from time to time various loan and credit facilities from the Financial Institutions and Banks against the security of movable/immovable properties and undertakings of the Company. To enable these Banks and Financial Institutions to have effective charge in their favour, your Directors considered that the creation of mortgage/charge on the fixed assets of the Company which form the undertakings of the Company attracts the provisions of Section 293 (1)(a) of the Companies Act, 1956, where the Board is restricted to sell, lease or otherwise dispose off the whole or substantially the whole, of the undertakings of the Company without getting the consent of the members of the Company in a general meeting. The proposal contained in the above ordinary resolution is placed before you for your acceptance in the interest of the Company.

None of the Directors are directly or indirectly interested in the above resolution.

ITEM NO. 8

The Central Government issued a Notification F.No. 14/11/96/NRI dated 4.4.1997, wherein it enhanced the limits of investments by Foreign Institutional Investors (FIIs). In accordance with the said notification Companies would be permitted to raise the aggregate portfolio investment limits by all Foreign Institutional Investors (FIIs), Non-resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) upto 30 per cent of the issued and paid-up capital of the Company subject to approval by the Board of Directors of the Company and a Special Resolution passed by the General Body of the Company approving the enhanced limit. The Board of Directors in its Meeting has already approved of the enhanced limits. In view of the said notification the Special Resolution as set out in item no. 8 of the accompanying notice is placed for your approval.

None of the Directors are directly or indirectly interested in this Resolution.

ITEM NO. 9(a)

The Company had entered into an agreement dated 30th July, 1992 with Shri Pramod Chaudhari re-appointing him as Managing Director of the Company for a term of five years w.e.f. from 1st August, 1992. The agreement expires on 31st July, 1997. It is proposed to re-appoint Shri Pramod Chaudhari as Managing Director for a further period of five years w.e.f. 1st August, 1997. Further, it is also proposed to revise the remuneration payable to him. The revised remuneration is within the limits prescribed by Schedule XIII to the Companies Act, 1956.

Where in any financial year closing on and after 1st April, 1997, the Company has no profits or its profits are inadequate, the Company may pay Shri Pramod Chaudhari remuneration by way of salary, perquisites and other allowances, not exceeding the amount based on the effective capital of the Company, subject to the overall ceiling limit of Rs. 10,50,000/- per annum or Rs. 87,500/- per month and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

In the event of any statutory amendment, modification, substitution or relaxation by the Central Government to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

The remuneration payable to Shri Pramod Chaudhari, will be as under :-

Remuneration payable to Shri Pramod Chaudhari - Managing Director :**SALARY**

Salary not exceeding Rs.75,000/- per month. The starting salary shall be Rs. 45,000/- per month and the annual increments will be effective from 1st August each year to be decided by the Board.

PERQUISITES AND ALLOWANCES :

- In addition to the salary and commission payable, the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; leave travel concession for himself and his family; club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as maybe agreed to by the Board of Directors and Shri Pramod Chaudhari, such perquisites and allowances to be restricted to 125% of the annual salary.
- For the purpose of calculating the above ceiling, the perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost.
Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

COMMISSION :

Such remuneration by way of commission, in addition to salary and perquisites payable, calculated with reference to the net profits of the Company for each financial year, as may be decided by the Board of the Company at the end of each such financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.

OTHER BENEFITS :

Benefits under any other scheme, provisions and amenities as are granted/likely to be granted to the Senior Executives of the Company in accordance with the Company's Practice, Rules & Regulations in force from time to time.

Apart from the remuneration aforesaid Shri Pramod Chaudhari shall be entitled to the reimbursement of expenses incurred in connection with the business of the Company.

The terms and conditions of the said re-appointment and/or Agreement may be varied/enhanced from time to time by the Board of Directors as it may in its discretion may deem fit within the maximum amounts payable to Managing Director as per Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in this regard.

Clause 1 of Part III of Schedule XIII requires that the appointment and remuneration of the Managing/Whole-time director should be approved by the shareholders in General Meeting.

The Draft Agreement between the Company and Shri Pramod Chaudhari is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

This may be treated as an abstract of the Draft Agreement between the Company and Shri Pramod Chaudhari, pursuant to Section 302 of the Companies Act, 1956.

None of the Directors other than Shri Pramod Chaudhari is in any way concerned or interested in the said resolution.

ITEM NO. 9(b)

The Company had entered into an agreement dated 30th July, 1992 with Shri Shashank Inamdar reappointing him as Deputy Managing Director of the Company for a term of five years w.e.f. from 1st August, 1992. The agreement expires on 31st July, 1997. It is proposed to re-appoint Shri Shashank Inamdar as Deputy Managing Director for a further period of five years w.e.f. 1st August, 1997. Further, it is also proposed to revise the remuneration payable to him. The revised remuneration is within the limits prescribed by Schedule XIII to the Companies Act, 1956.

Wherein any financial year closing on and after 1st April, 1997, the Company has no profits or its profits are inadequate, the Company may pay Shri Shashank Inamdar remuneration by way of salary, perquisites and other allowances, not exceeding the amount based on the effective capital of the Company, subject to the overall ceiling limit of Rs. 10,50,000/- per annum or Rs. 87,500/- per month and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

In the event of any statutory amendment, modification, substitution or relaxation by the Central Government to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

The remuneration payable to Shri Shashank Inamdar, will be as under :-

Remuneration payable to Shri Shashank Inamdar - Deputy Managing Director :

SALARY

Salary not exceeding Rs.60,000/- per month. The starting salary shall be Rs. 34,000/- per month and the annual increments will be effective from 1st August each year to be decided by the Board.

PERQUISITES AND ALLOWANCES :

- In addition to the salary and commission payable, the Deputy Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; leave travel concession for himself and his family; club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Shri Shashank Inamdar; such perquisites and allowances to be restricted to 125% of the annual salary.
- For the purpose of calculating the above ceiling, the perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

COMMISSION :

Such remuneration by way of commission, in addition to salary and perquisites payable, calculated with reference to the net profits of the Company for each financial year, as may be decided by the Board of the Company at the end of each such financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.

OTHER BENEFITS :

Benefits under any other scheme, provisions and amenities as are granted/likely to be granted to the Senior Executives of the Company in accordance with the Company's Practice, Rules & Regulations in force from time to time.

Apart from the remuneration aforesaid Shri Shashank Inamdar shall be entitled to the reimbursement of expenses incurred in connection with the business of the Company.

The terms and conditions of the said re-appointment and/or Agreement may be varied/enhanced from time to time by the Board of Directors as it may in its discretion may deem fit within the maximum amounts payable to Deputy Managing Director as per Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in this regard.

Clause 1 of Part III of Schedule XIII requires that the appointment and remuneration of the Managing/Whole-time director should be approved by the shareholders in General Meeting.

The Draft Agreement between the Company and Shri Shashank Inamdar is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

This may be treated as an abstract of the Draft Agreement between the Company and Shri Shashank Inamdar, pursuant to Section 302 of the Companies Act, 1956.

None of the Directors other than Shri Shashank Inamdar is in any way concerned or interested in the said resolution.

ITEM NO. 9(c)

The Company had entered into an agreement dated 30th July, 1992 with Shri Anil Deshpande appointing him as Director (Marketing) of the Company for a term of five years w.e.f. from 1st August, 1992. The agreement expires on 31st July, 1997. It is proposed to re-appoint Shri Anil Deshpande as Director (Business Development) for a further period of five years w.e.f. 1st August, 1997. Further, it is also proposed to revise the remuneration payable to him. The revised remuneration is within the limits prescribed by Schedule XIII to the Companies Act, 1956.

Wherein any financial year closing on and after 1st April, 1997, the Company has no profits or its profits are inadequate, the Company may pay Shri Anil Deshpande remuneration by way of salary, perquisites and other allowances, not exceeding the amount based on the effective capital of the Company, subject to the overall ceiling limit of Rs. 10,50,000/- per annum or Rs. 87,500/- per month and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

In the event of any statutory amendment, modification, substitution or relaxation by the Central Government to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

The remuneration payable to Shri Anil Deshpande, will be as under :-

Remuneration payable to Shri Anil Deshpande - Director (Business Development) :

SALARY

Salary not exceeding Rs.50,000/- per month. The starting salary shall be Rs. 24,000/- per month and the annual increments will be effective from 1st August each year to be decided by the Board.

PERQUISITES AND ALLOWANCES :

- In addition to the salary and commission payable, the Whole-time Director

shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Shri Anil Deshpande; such perquisites and allowances to be restricted to 125% of the annual salary.

- ii. For the purpose of calculating the above ceiling, the perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

- iii. Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

COMMISSION :

Such remuneration by way of commission, in addition to salary and perquisites payable, calculated with reference to the net profits of the Company for each financial year, as may be decided by the Board of the Company at the end of each such financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.

OTHER BENEFITS :

Benefits under any other scheme, provisions and amenities as are granted/likely to be granted to the Senior Executives of the Company in accordance with the Company's Practice, Rules & Regulations in force from time to time.

Apart from the remuneration aforesaid Shri Anil Deshpande shall be entitled to the reimbursement of expenses incurred in connection with the business of the Company.

The terms and conditions of the said re-appointment and/or Agreement may be varied/enhanced from time to time by the Board of Directors as it may in its discretion may deem fit within the maximum amounts payable to Whole-time Director as per Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in this regard.

Clause 1 of Part III of Schedule XIII requires that the appointment and remuneration of the Managing/Whole-time Director should be approved by the shareholders in General Meeting.

The Draft Agreement between the Company and Shri Anil Deshpande is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

This may be treated as an abstract of the Draft Agreement between the Company and Shri Anil Deshpande, pursuant to Section 302 of the Companies Act, 1956.

None of the Directors other than Shri Anil Deshpande is in any way concerned or interested in the said Resolution.

ITEM NO. 10

You are aware that your Company is being run by the Board of Directors who has to shoulder enormous responsibility for the efficient direction of the Company and for resultant good working of the Company from year after year even in the face of heavy odds. Existing Board of Directors consist of three Directors viz Shri V.A. Datar, Shri Berjis Desai and Shri Khushrooh Byramjee who are not in the employment of the Company. However, the Company is being benefited by their rich corporate experience. As such it is proposed to remunerate these Directors and the other Directors not in employment of the Company who may be appointed in future, by way of commission upto 1% on net profits of the Company in terms of Section 309 (4) of the Companies Act, 1956 and Article 73 (2) of Articles of Association of the Company. The proposed resolution shall remain in force for a period of five years. Shri V.A. Datar, Shri Berjis Desai and Shri Khushrooh Byramjee are interested in this resolution.

ITEM NO. 11

Your Board of Directors of the Company has thought it fit to promote a Company in United Kingdom and/or the Republic of Ireland and/or the Netherlands as a wholly owned subsidiary of the Company to render engineering and marketing services for the products manufactured by your Company. Your Directors feel that having a Company in United Kingdom and/or in the Republic of Ireland and/or Netherlands will be of immense use considering the export thrust your Company is giving and it will also help in getting closer to the European market.

In terms of Section 372 of the Companies Act, 1956, consent of the Company in a General Meeting by Ordinary Resolution is required if a Public Company proposes to invest in the Share Capital of another Company in excess of 30% of the paid-up share capital of such other Company. Besides, the said Section also requires approval of the Central Government for such an investment. The Ordinary Resolution at Item No. 11 of the Notice seeks consent of the shareholders for making this investment, subject to the approval of the Central Government, an application for which will be made in due course.

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

By Order of the Board of Directors

Place : Pune
Date : 21st June, 1997

DEEPAK MOGAL
COMPANY SECRETARY

A GUIDE FOR THE PRAJ SHAREHOLDERS TO THE DEPOSITORY SYSTEM

A. INTRODUCTION : In the process of capital market reforms, Government of India has taken steps to introduce Depository System. The Parliament has passed an Act, called THE DEPOSITORIES ACT, 1996. This Act came into effect from 20th September, 1995. The object of the Depository System is to enhance the efficiency of the Capital Market and also give benefits to the investors by way of greater efficiency, accuracy, safety in share transactions, improved liquidity in secondary market transactions and much faster transfer of ownership of shares. It also eliminates the voluminous and cumbersome paper work involved in the present scrip-based system and offers 'paper-less' trading through electronic mode. National Securities Depository Limited (NSDL) promoted by IDBI, UTI and NSE has been recognised by the Securities And Exchange Board of India as India's first Depository to provide electronic Depository facilities to the shareholders and electronic trading of securities.

B. BENEFITS OF DEPOSITORY SYSTEM : The main benefits of the Depository System are enumerated as under :-

1. No requirement of filing the transfer deeds and lodging or despatching to the Company for transfer.
2. No bad delivery of shares.
3. No loss of share certificates in postal transit.
4. No courier / postal charges.
5. Exemption of stamp duty on transfer of shares.
6. Shares purchased in electronic mode, will be transferred in the name of Purchaser within a day of completion of settlement.
7. Much faster payment on sale of shares.
8. No scope for theft / forgery / damage of share certificates.

C. WORKING OF DEPOSITORY SYSTEM : The working of Depository System is much similar to the banking system. The chart below gives an analogy between the banking and depository system :-

BANK	NSDL
<ul style="list-style-type: none"> • Holds funds in accounts. • Transfer of funds between accounts. • Transfer without physical handling money. 	<ul style="list-style-type: none"> • Holds securities in accounts. • Transfer of securities between accounts. • Transfer without physical handling of securities.

D. DEPOSITORY PARTICIPANT : Depository Participant is an authorised agent of NSDL who interacts with the investors on behalf of NSDL. The Financial Institutions / Banks / Custodians / Stock Brokers etc. can become Depository Participant as per the SEBI guidelines provided they fulfill the necessary requirements prescribed by the SEBI.

E. OPENING OF ACCOUNT WITH DEPOSITORY PARTICIPANT :

In order to open an account, all you have to do is :-

1. fill up the Account Opening Form available with the Depository Participant. If your shares are held in joint names, be sure to open your account in the same order of names. (If there are combinations of name, you have to open separate accounts for each such combination. You can open multiple accounts with the same Depository Participant. You can also open accounts with different Depository Participants).
2. please sign the 'PARTICIPANT-CLIENT AGREEMENT' available with the Depository Participant. It has to be signed by each shareholder at the time of account opening.
3. Depository Participant will allot you an account number called client ID number, which you will have to quote in all your correspondence with your Depository Participant.

F. DEMATERIALISATION : The process of converting the physical share certificates into an electronic form is called dematerialisation. The procedure to be followed for dematerialisation is given below :-

1. Please fill a Dematerialisation Request Form which is available with your Depository Participant and deposit the same with your Depository Participant together with share certificates after writing "SURRENDERED FOR DEMATERIALISATION" on the face of each certificate.
2. Your Depository Participant will send the request along with the share certificates to the Company for confirmation of its genuineness simultaneously to PCS Industries Limited (Registrars & Transfer Agents in respect of shares held in electronic form) through NSDL. After checking the records, the Company shall deface/destroy the share certificates and send a confirmation of dematerialisation to NSDL through PCS Industries Limited. NSDL would further confirm the dematerialisation of shares to your Depository Participants to credit the holding of shares in your account electronically. This entire exercise gets completed in about 15 days from the date of submission of dematerialisation request.
3. Your Depository Participant will issue a statement of account confirming the credit of your holding of shares in electronic account.
4. Before submitting your request for dematerialisation make sure that the shares have been registered in your name.

G. REMATERIALISATION : Shareholders who hold shares in electronic form have an option to convert their electronic holding of shares into physical form of share certificates through the process of rematerialisation. They will have to make an application through Depository Participant by filling rematerialisation form. The Depository Participant will forward the rematerialisation request to the Company for conversion of electronic holding of shares into paper form. The Company will issue share certificates in paper form against the shares held by the shareholders in the electronic form. The shareholders have an option to rematerialise part of the security held in electronic form. The process of rematerialisation is also carried out through your Depository Participant which gets completed within a period of 30 days.

H. SALE / PURCHASE OF SHARES IN ELECTRONIC FORM : Once you open an account with the Depository Participant, you can purchase / sell shares in following the undergiven procedure :-

1. Selling of shares held in electronic form is very similar to selling of paper form of share certificates. Instead of signing of transfer deeds as seller and delivering with share certificates to a broker, you shall give to your broker a cheque-like instrument (blank cheques will be provided to you by your Depository Participant) in the Depository System.

2. You can trade in Depository mode through any broker registered with National Stock Exchange, but you have to provide the details of your account with the Depository Participant.
3. You will receive your money from the share broker in the same manner as you receive now.
4. When you want to buy shares in Depository System, you must inform your broker your Depository Account Number so that the shares bought by you are credited into that account.
5. The payment for the shares in the Depository System can be made in the same way you pay for the purchase of any physical shares.
6. Make sure to inform your broker that you want to buy / sell shares in the electronic form, because there could be price difference for physical shares and shares held in electronic form.
7. The Depository Participant will provide you a statement updated every fortnight (like a passbook) giving details of your holdings.
8. The rest of the procedure for buying shares in Depository System is similar to buying physical shares.
9. Thus the shares you have bought are transferred in your name(s) in less than a week of your purchase, with no fear that the transfer of shares may turn out to be bad deliveries or fake shares.
10. The Depository Participant charges you for the services offered by them. It is, therefore, advisable for you to get full details of service charges from the Depository Participant with whom you wish to open an account.
11. You can open your accounts with any number of Depository Participant of your choice just as opening bank accounts with several banks. In fact, you can have even zero balance in your account.

I. STATUS OF SHAREHOLDERS IN DEPOSITORY SYSTEM : Names of the shareholders who avail the Depository services will be replaced by the name of NSDL in the records of the Company, as NSDL becomes the registered owners of the shares held by the shareholders. The status of shareholders changes from that of a registered owner, again by fiction of law, to beneficial owner, but all the benefits and rights such as right to receive dividend, right to attend and vote at general meetings of the Company etc. would be retained by the shareholders. The name of the shareholders appears on the records of NSDL as beneficial owners in respect of shares held by them.

J. SIGNING OF AGREEMENT WITH NSDL : To keep pace with the changed scenario, Corporate Secretariat of your Company has been making its best endeavours to provide efficient and timely service in share transfers, dividend payment and allied operations to its shareholders. Praj Industries Limited has signed a Tripartite Agreement with National Securities Depository Limited (NSDL) on 4th July, 1997 and appointed PCS Industries Limited, Plot No.4, PCS House, Saki Naka, Andheri (E), Mumbai 400 072, as Registrars & Transfer Agents in respect of shares held in electronic form.

WE WISH TO CLARIFY THAT HOLDING / TRADING OF SHARES UNDER DEPOSITORY SYSTEM IS AN OPTION WITH THE SHAREHOLDERS AND THIS COMMUNICATION DOES NOT MEAN THAT THEY HAVE TO COMPULSORY HOLD THEIR SHARES UNDER THE SAID SYSTEM. THE SHAREHOLDERS SHOULD EVALUATE THIS OPTION AND THEN TAKE A CONSIDERED DECISION.

For any further assistance / clarification in the matter, please feel free to write / contact :-

Shri Deepak Mogal
Company Secretary
Praj Industries Limited
CSL Division,
1216/6, Fergusson College Road,
Pune 411 004.
Phone : (0212) 329591/2/3
Fax : (0212) 321689



Praj Industries Limited

Registered Office : 1216/6, Fergusson College Road, Pune-411004

ELEVENTH ANNUAL GENERAL MEETING - THURSDAY, 25TH SEPTEMBER, 1997.

ADMISSION SLIP

(To be handed over at the entrance of the Meeting hall)

Folio No. _____

I certify that I am a Registered Shareholder/Proxy for the Registered Shareholder of the Company and hold _____ shares.

I hereby record my presence at the ELEVENTH ANNUAL GENERAL MEETING being held at 'PRAJ HOUSE', Mumbai-Bangalore Highway (by-pass), Opp. HEMRL, Bavdhan, Pune - 411 021, On Thursday, 25th September, 1997, at 11.00 a.m.

Name of the Member/Proxy in Block Letters

Member's/Proxy Signature

NOTES :

1. A member/proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance.
2. If you intend to appoint a proxy, please complete the proxy form below and deposit it at the Company's Registered Office atleast 48 hours before the meeting.

----- Tear Here -----

Praj Industries Limited

Registered Office : 1216/6, Fergusson College Road, Pune-411004

PROXY FORM

ELEVENTH ANNUAL GENERAL MEETING - THURSDAY, 25TH SEPTEMBER, 1997.

Folio No. _____

I/We _____
of _____ in the state of _____ being a member / members of
Praj Industries Limited, hereby appoint _____ of _____ in the district of
_____ or failing him/her _____ of _____ in the district
of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the ELEVENTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 25th September, 1997, at 11.00 a.m. and at any adjournment thereof.

Signature _____

Affix
Revenue
Stamp
Re. 1

Place : _____

Date : _____

This proxy form duly completed must be received at the Company's Registered Office atleast 48 hours before the meeting.