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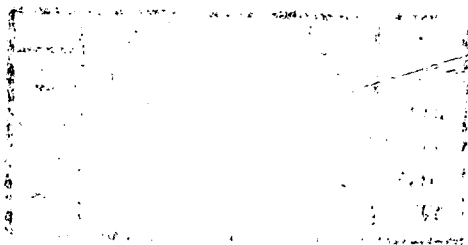
56TH ANNUAL REPORT 1998

Report  junction.com



Radico

Radico Khaitan Limited



Gajanan Khaitan
Chairman - Emeritus

BOARD OF DIRECTORS

| | |
|-----------------------|------------------------------|
| Lalit Khaitan | Chairman & Managing Director |
| Ashutosh Patra | |
| Kailash Chandra Mehra | |
| Karan Singh Mehta | |
| Raghupati Singhania | |
| Abhishek Khaitan | Executive Director |
| K.P. Singh | Wholetime Director |
| Sanjeev Kumar Mittal | Nominee U.P. Govt. |

COMPANY SECRETARY

G. D. Agrawal

BANKERS

Punjab National Bank

AUDITORS

V. Sankar Aiyar & Co., Chartered Accountants,
New Delhi

HEAD OFFICE

305-312, Deepali, 92, Nehru Place,
New Delhi - 110 019.

REGISTERED OFFICE & WORKS

Bareilly Road, Rampur - 244 901 (U.P.)

RADICO KHAITAN LIMITED

Registered Office: Bareilly Road, Rampur (U.P.) 244 901

NOTICE

Notice is hereby given that the 56th Annual General Meeting of the Members of Radico Khaitan Limited will be held at the Registered Office of the Company at Rampur Distillery, Bareilly Road, Rampur (U.P.) 244 901 on Tuesday, the 29th June, 1999 at 12.00 Noon to transact the following business:

1. To receive, consider and adopt the audited Accounts for the year ended 31st December, 1998 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Raghupati Singhania who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kailash Chandra Mehra who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Special Business

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

"RESOLVED that consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act 1956 to mortgaging and/or charging by the Board of Directors of the Company by way of equitable and/or legal mortgage on such immovable and movable properties of the Company, present and future, together with power to take over the assets of the Company in certain events, to or in favour of ICICI Ltd. by way of first pari passu Charge to secure the Rupee Term Loans of Rs.500.00 lacs granted to the Company for its working capital requirements and modernisation scheme and the interest at the agreed rate, liquidated damages, front end fees, premia on pre payment, costs, charges, expenses and all other moneys payable by the Company under the Loan Agreement(s), Deed(s) of Hypothecation and other documents executed to be executed by the Company in respect of the Term Loans of ICICI Ltd.

RESOLVED further that the Board of Directors be and is hereby authorised to finalise with ICICI Ltd. the documents for creating the aforesaid mortgage and/or charge and to do all acts, deeds and things as may be necessary for giving effect to the above resolution."

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

"RESOLVED that consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act 1956 to mortgaging and/or charging by the Board of Directors of the Company by way of equitable and/or legal mortgage on such immovable and movable properties of the Company, present and future, in favour of Punjab National Bank, New Delhi the Company's Bankers by way of Second Charge to secure the various credit facilities, (fund based/non-fund based) granted to the Company and the interest at the agreed rate, costs, charges, expenses and all other moneys payable by the Company under the Loan Agreement(s), Deed(s) of Hypothecation and other documents executed to be executed by the Company in respect of credit facilities of Punjab National Bank, in such form and manners as may be acceptable to Punjab National Bank.

RESOLVED further that the Board of Directors be and is hereby authorised to finalise with Punjab National Bank the documents for creating the aforesaid mortgage and/or charge and to do all acts, deeds and things as may be necessary for giving effect to the above resolution."

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

"RESOLVED that in partial modification of the Resolution No. 11 of the Notice dated 21.4.1997, convening the 54th Annual General Meeting of the members of the Company passed at the said meeting held on 27th June, 1997 and in accordance with the provisions of Sections 198, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 and subject to the approvals of the Financial

Institutions and Banks as may be required, the Company hereby approves the revised remuneration by way of increase in salary from Rs.75,000/- to Rs.1,50,000/-p.m. and consequential increase in the perquisites payable to Shri Lalit Khaitan, Chairman & Managing Director with effect from 1st July, 1999 for the remaining period of his tenure upto 31.12.1999.

RESOLVED further that if, the Company has no profits or its profits are inadequate in the current year, he shall be entitled to receive and be paid as minimum remuneration by way of salary, perquisites and other benefits & allowances not exceeding Rs.10,50,000 per annum or such higher limit as may be prescribed by the Government.

RESOLVED further that the Board of Directors of the Company be and is hereby authorised to take such necessary steps as may be necessary to give effect to this resolution and to settle any questions or difficulties in connection therewith and incidental thereto."

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

RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 311, 314 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any modification or re-enactment thereof and subject to the approvals of the Financial Institutions and Banks as may be required, the appointment of Shri Abhishek Khaitan as Executive Director of the Company on the following terms of remuneration for a period of 5 years with effect from 1st July, 1999 be and is hereby approved:-

- i) **Salary** - Rs.75,000/- per month subject to increments as the Board may approve from time to time provided that the monthly salary shall not exceed Rs.1,50,000/- per month.
- ii) **Commission** - Not more than 1% of the net profits of the Company, payable annually, subject to a ceiling of 50% of the annual salary.
- iii) **Perquisites** - This shall be restricted to an amount equal to annual salary. For this purpose, perquisites are classified into three categories "A", "B" and "C" as follows:

Category A:

- (i) **Housing:**
 - (1) The expenditure by the Company on hiring furnished accommodation for the Executive Director will be subject to ceiling of 60% of the salary over and above 10% payable by him.
 - (2) In case the accommodation is owned by the Company, 10% of his salary shall be deducted by the Company.
 - (3) In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance, subject to the ceiling laid down in Housing (1) above.

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income-tax Rules 1962. This shall, however, be subject to a ceiling of 10% of his salary.

- (ii) **Medical Reimbursement:**

Expenses incurred by him for self and the family, subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

- (iii) **Leave Travel Concession:**

For self and the family, once in a year, incurred in accordance with the rules of the Company.

- (iv) **Club Fees :**

Fees of clubs, subject to maximum of two clubs. This will not include admission and life membership fees.

- (v) **Personal Accident Insurance:**

Premium shall not exceed Rs.4,000/- per annum.

Category B:

The following perquisites shall not be included in the computation of the ceiling of remuneration:



- (i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent that these either singly or put together are not taxable under the Income-tax Act;
- (ii) Gratuity payable as per Rules laid down by the Government from time to time.
- (iii) Encashment of leave at the end of the tenure.

Category C:

Provision of car for use in the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director.

Minimum Remuneration

Notwithstanding anything mentioned hereinabove, where in any financial year, during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company shall pay to him the then existing remuneration by way of salary and perquisites not exceeding the limits specified above and subject to a ceiling of Rs. 10,50,000/- per annum as aforesaid or such higher limit as may be prescribed by the Government.

The above remuneration shall be paid to him subject to deduction of all taxes at source as per Laws & Rules applicable from time to time.

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

"RESOLVED that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act 1956 or any modification or re-enactment thereof, consent of the Company be and is hereby accorded to Mrs. Kiran Devi Khaitan, Public Relation Executive of the Company to continue and hold an office or place of profit under the Company with effect from 1st August, 1998 on the following terms of remuneration:-

- a) Salary - Rs. 13,700/- per month
- b) Contribution to the Company's Provident Fund Scheme and Superannuation Scheme
- As per the Company's Rules
- c) Leave travel - On her being eligible, assistance equivalent to one month salary once in a year.
- d) Medical expenses
- Reimbursement upto one month salary per year
- e) Entitlement for privilege and casual leave
- As per the Company's Rules
- f) Payment of gratuity as per rules laid down by the Government from time to time.

The above remuneration shall be paid to her subject to deduction of all taxes at source as per Laws & Rules applicable from time to time."

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

"RESOLVED that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act 1956 or any modification or re-enactment thereof, consent of the Company be and is hereby accorded to Mrs. Deepshikha Khaitan, Personnel Relation Executive of the Company to continue and hold an office or place of profit under the Company with effect from 1st August, 1998 on the following terms of remuneration:-

- a) Salary - Rs. 13,000/- per month.
- b) Contribution to the Company's Provident Fund Scheme and Superannuation Scheme
- As per the Company's Rules
- c) Leave travel assistance
- On her being eligible, equivalent to one month salary once in a year.

- d) Medical expenses
- Reimbursement upto one month salary per year
- e) Entitlement for privilege and casual leave
- As per the Company's Rules
- f) Payment of gratuity as per rules laid down by the Government from time to time.

The above remuneration shall be paid to her subject to deduction of all taxes at source as per Laws & Rules applicable from time to time."

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

RESOLVED that pursuant to the provisions of Section 17 and all other applicable provisions, if any, of the Companies Act 1956 including any statutory modification or re-enactment thereof for the time being in force as may be enacted from time to time, the Object Clause III of the Memorandum of Association of the Company be and is hereby altered by inserting the following new Sub-Clause No. (10) A, after the sub-Clause (10) therein:-

- (10)A. To purchase, acquire, take on lease or in exchange or in any other lawful manner any land, piece of land, plot of land, roof or floor of any building(s), buildings, structures and to construct, erect, build, repair, re-model, demolish, develop, improve and maintain buildings, residential and commercial, corporate offices, structures, houses, offices, shops, apartments, factories, mills, works, hospitals, schools, places of worship, highways, roads, paths, streets, sideways, courts, pavements, bridges, flyovers, sidings, tunnels and to do similar other construction, leveling or paving work, and prepare lay-out thereon or buildings of any tenure or description or connected therewith and to equip the same or part thereof with all or any amenities or conveniences, drainage, electric, water facilities, telephonic, television, internet or other telecommunication installations and to deal with the same in any manner whatsoever, and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants, lessees and others which may seem calculated directly or indirectly to advance the interest of the company.

RESOLVED further that pursuant to the provisions of Section 149 (2A) and all other applicable provisions, if any, of the Companies Act 1956, approval of the Company be and is hereby accorded to the Board of Directors for commencing and undertaking all or any of the business activities specified in the Sub-Clause No. (10)A of the Memorandum of Association as and when the Board of Directors may deem fit.

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

RESOLVED that pursuant to section 372A and other applicable provisions, if any, of the Companies Act 1956 and subject to the approval of the financial institutions, if required, approval of the Company be and is hereby accorded to the Board of Directors of the Company for directly or indirectly making loans and/or giving guarantee(s) and/or providing securities in connection with loan(s) made/ to be made by any person to, Whyte & Mackay (India) Limited for the sum not exceeding Rs. 500.00 Lac over and above the existing loan(s) already made and/or guarantee(s) given by the Company.

Regd. Office:
Bareilly Road
Rampur - 244 901 (U.P.).
28.04.1999

By Order of the Board
for RADICO KHAITAN LIMITED
G.D. Agrawal
Company Secretary

NOTES

- a) A member entitled to attend the meeting and vote thereat is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
- b) **The Register of Members and Share Transfer Books of the Company will remain closed from 16th June, 1999 to 29th June, 1999 (both days inclusive).**



- c) Members are requested to notify immediately change, if any, in their address and/or mandate to the Company. **For prompt and proper mailing, please inform correct PIN CODE number.**
- d) Pursuant to Section 205A of the Companies Act 1956, all unclaimed dividends upto the financial years ended 30th June 1994, have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, U.P., West Cott Building, M.G.Road, Kanpur(U.P.).
- e) Pursuant to new Section 109 A inserted in the Companies Act, 1956 individual Shareholders holding Shares in the Company singly or jointly may nominate an individual to whom all the rights in the Shares of the Company shall vest in the event of death of the sole/all joint Shareholders. Nomination Form as prescribed by the Govt. is sent herewith.
- f) **As per condition stipulated by The Stock Exchange, Mumbai, Members are requested to surrender old Share certificate(s) of the Company, if not surrendered already, for issue of new Share certificates in lieu thereof.**

EXPLANATORY STATEMENT

Item No.6 & 7

ICICI Ltd. has sanctioned Rupee Term Loans of Rs.500.00 lacs to the Company which are to be secured by a first Charge on all the immovable and movable properties of the Company, both present and future, in the manner, as may be required by ICICI Ltd.. Such mortgage/charge shall rank pari passu with the Charges already created/to be created in favour of participating Institutions/Banks for their assistances.

Punjab National Bank, New Delhi has also granted various Cash Credit Facilities (fund based/non-fund based) to the Company. According to the conditions of granting such facilities to the Company, these facilities are required to be secured by a second charge by way of equitable and/or legal mortgage on all the immovable and movable properties of the Company, both present and future on such terms as may be agreed to between the Company, Punjab National Bank and other existing lenders.

Section 293(1) (a) of the Companies Act 1956 provides, inter alia, that the Board of Directors of a public company shall not, without the consent of a public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking(s) of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking. Mortgaging/charging of the immovable and movable properties of the Company as aforesaid to secure Rupee Term Loans and the various Cash Credit facilities may be regarded as disposal of the whole or substantially the whole of the said undertaking(s) of the Company and therefore requires consent of the Company pursuant to Section 293 (1) (a) of the Companies Act 1956.

The Directors recommend the resolutions for approval of the Shareholders as Ordinary Resolutions under Section 293(1) (a) of the Companies Act 1956.

None of the Directors will be deemed to be concerned or interested in the proposed resolutions.

Item No.8

In view of manifold increase in the activities of the Company, the Board of Directors in its meeting held on 29th July, 1998 revised the salary of Shri Lalit Khaitan, Chairman & Managing Director from Rs.75,000/- to Rs.1,50,000/- p.m. and consequential increase in the perquisites payable to him with the approval of the Shareholders of the Company with effect from 1st July, 1999.

The revised remuneration is within the limit specified in Schedule XIII of the Companies Act 1956. The resolution is recommended for approval of the Shareholders.

This may also be treated as an Abstract and Memorandum of Interest U/s 302 of the Companies Act, 1956.

None of the Directors other than Shri Lalit Khaitan and Shri Abhishek Khaitan shall be deemed to be concerned or interested in the proposed resolution.

Item No.9

In view of the excellent performance and results achieved during the employment of Shri Abhishek Khaitan as Executive Director of the Company,

the Board of Directors in its meeting held on 3rd December, 1998 appointed him a Director on the Board and considered suitable revision in his remuneration.

However, Shri Abhishek Khaitan agreed to continue on the terms of remuneration and other conditions as approved by the Shareholders in the 55th Annual General Meeting held on 30.5.1998 and also by the Central Government till the approval of the shareholders of the company is accorded. The revised remuneration is within the limit specified in Schedule XIII of the Companies Act, 1956. The resolution is recommended for approval of the Shareholders.

This may be also be treated as an Abstract and Memorandum of Interest u/s 302 of the Companies Act, 1956.

None of the Directors other than Shri Lalit Khaitan and Shri Abhishek Khaitan shall be deemed to be concerned or interested in the proposed resolution.

Item Nos.10 & 11

To compensate suitably for the efforts put in by Smt. Kiran Devi Khaitan as Public Relation Executive and Smt. Deepshikha Khaitan as Personnel Relation Executive, the Board of Directors in its meeting held on 29th July, 1998 decided to pay the remuneration with effect from 1st August, 1998 as specified in the resolutions set out in the notice.

Pursuant to the provisions of Section 314 of the Companies Act 1956, the approval of the Shareholders by way of Special Resolution is required. The resolutions are recommended for the approval of the Shareholders.

None of the Directors other than Shri Lalit Khaitan and Shri Abhishek Khaitan shall be deemed to be concerned or interested in the resolutions.

Item No.12

The Board of Directors considered desirable to insert a new sub-clause (10) A in the existing Object Clause III of its Memorandum of Association for authorising the Company specifically to undertake construction activities for buildings (residential or commercial) and corporate offices etc. which would be carried on more economically, efficiently, advantageously and conveniently by the Company with its existing business.

Pursuant to Section 17 of the Companies Act 1956, a Special Resolution is required for the alteration in the Object Clause of the Memorandum of Association and also an authority to the Board of Directors under Section 149 (2A) of the said Act to commence such business. The Resolution as set out in the Notice is recommended for the approval of the Shareholders.

None of the Directors shall be deemed to be concerned or interested in the Resolution.

Item No.13

As on date the aggregate amount of the investments made in shares/debentures of, and guarantees/securities provided by the company to, other bodies corporate exceeds the limits provided in section 372A of the Companies Act 1956. The Company will have to make loan(s) from its internal accruals to, and/or provide guarantee(s) or securities for the loan(s) made/to be made by any person to, Whyte & Mackay (India) Limited promoted by the company to meet the temporary working capital requirements.

The Board of Directors at the meeting held on 28.4.1999 decided to recommend the Special Resolution as set out in the notice for the approval of the Shareholders.

None of the directors save and except Shri Lalit Khaitan and Shri Abhishek Khaitan shall be deemed concerned or interested in the resolution.

Inspection of Documents

Copies of the Memorandum and Articles of Association of the Company and all other relevant documents and papers are kept open for inspection at Registered Office of the Company between 10.00 A.M. and 12.00 Noon on any working day prior to the date of the Meeting.

Regd. Office:
Bareilly Road
Rampur - 244 901 (U.P.).
28.04.1999

By order of the Board
for RADICO KHAITAN LIMITED
G.D. Agrawal
Company Secretary

**NOMINATION FORM**

(To be filled in by individual applying singly or jointly. If jointly, only upto two persons)

RADICO KHAITAN LIMITED

305-312 Deepali, 92 Nehru Place, New Delhi - 110 019.

Regd. Folio No..... No. of Shares

I/We andthe holders of
 Equity Shares of the Company wish to make a nomination and do hereby nominate
 the following person in whom all rights of transfer in respect of the Shares shall vest in the event of my/our death.

Name & (in case the nominee is a minor)

Address: Date of Birth

of Nominee Name and address of Guardian

..... Name

..... PIN Address

..... PIN

Name: 1)

Address: Signature

..... PIN

Name: 2) Signature

Names and addresses of two Witnesses**Signatures of witness with date**

1.

.....

.....

2.

.....

.....

(** To be deleted if not applicable)

INSTRUCTIONS

1. The nominations can be made by individual(s) only holding Shares on their own behalf singly or jointly upto two persons. No-individuals including society, trust, body corporate, partnership firm, karta of Hindu undivided family, holder of power of attorney cannot nominate. If the shares are held jointly all joint holders will sign the nomination form.
2. A minor can be nominated by a holder of Shares and in that event the name and address of the guardian shall be given by the holder.
3. The nominee shall not be a trust, society, body corporate, partnership firm, karta of Hindu undivided family or a power of attorney holder. A non-resident Indian can be a nominee on repatriable basis.
4. Nomination stand rescinded upon transfer of the Share(s) held.
5. Transfer of Share(s) in favour of a nominee shall be a valid discharge by a company against the legal heir.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 56th Annual Report together with the audited statement of Accounts of the Company for the year ended 31st December, 1998.

FINANCIAL RESULTS

| | 1998 | 1997 |
|--|----------|-----------|
| Sales and other income | 21434.61 | 15995.27 |
| Gross Profit (before Depreciation and Tax) | 806.03 | 766.68 |
| Profit before Tax | 663.99 | 601.38 |
| Profit after Tax | 603.99 | 550.38 |
| Prior Period Adjustments | 12.93 | (-)181.00 |
| Surplus brought forward from last year | 306.07 | 367.17 |
| Profit available for appropriation | 922.99 | 736.55 |
| Transfer to : | | |
| Debtenture Redemption Reserve | - | 329.50 |
| Tax on distributed Dividend paid | - | 7.12 |
| Proposed Dividend : | | |
| Equity Shares @ 10% | 142.24 | 85.33 |
| Provision for tax on Dividend | 14.22 | 8.53 |
| Balance carried forward | 766.53 | 306.07 |

OPERATIONS

Sales and other income during the year amounted to Rs.214.35 crores showing 34.01% increase over Rs.159.95 crores during the last year. The profit after tax has improved to Rs.6.04 crores scoring 9.74% increase over the profit of last year.

The distillery continued to be the largest seller of potable alcohol and country liquor in the State of U.P. Full capacity utilisation during the year helped the company in achieving these results. The Company is hopeful of achieving the financial closure with installing the co-generation plant at Rampur whereby it will achieve substantial savings in power costs and become self sufficient in power supply. The efforts are under way to expand the capacity of alcohol and ENA plants.

During the year, the Company gave a thrust to the marketing of its own branded products in the civil market. New products like 8 PM Whisky and Contessa Select Rum were launched, besides other products. It is heartening to report that the discerning consumers have given an excellent response to the Company's products whereby encouraging it to further intensify marketing activities during the current year.

In order to meet the growing demand for the Company's bottled IMFL products throughout the country, your Company has entered into five tie up arrangements in different parts of the country for bottling its own brands. The Company is also planning to expand this network of bottling tie up contracts in future. This strategy would carry the products closer to the consuming centres and making our products available to the consumers at short notice.

BUSINESS RESTRUCTURING

The Hon'ble Allahabad High Court vide its order dated 26.10.1998 sanctioned the Scheme of Arrangement for transfer of the Fertiliser and Agro divisions to the transferee companies. The aforesaid Order was filed with the Registrar of Companies, U.P. at Kanpur on 27.11.1998, whereupon the scheme has become effective from that date. Pending compliance of the requisite conditions, in terms of the Scheme, the Company had carried on the business and activities of these divisions for and on behalf of the transferee companies for the period 1.1.1997 to 26.11.1998. Accordingly, the assets and liabilities of these divisions belong to and stand vested in the transferee companies as of 1.1.1997. Therefore, the accounts of these divisions for the period 1.1.1998 to 26.11.1998 are not dealt with in these statements.

The Company together with the transferee companies referred to an arbitrator for resolving some of the issues relating to allocation of common assets and liabilities as provided for in the Scheme. The award was received on 28.12.1998 and given effect to in the accounts.

Keeping in view the Scheme of Arrangement, referred above, and in order to make the figures comparable, the previous year's figures do not include those relating to Fertiliser and Agro divisions and accordingly stand re-arranged and re-grouped wherever necessary.

DIVIDEND

Your Directors are pleased to recommend Equity Dividend of 10%, i.e. Re. 1/- per fully paid Equity Share as against Rs.0.60 per fully paid Equity Share last year.

DIRECTORS

S/Shri Gajanan Khaitan, Gangesh Kumar Khaitan, Shailesh Kumar Khaitan, Pratap Singh and R.S. Vijayvargiya have resigned. Shri Gajanan Khaitan has been appointed Chairman-emeritus and Shri Lalit Khaitan as Chairman of the Company. Shri Abhishek Khaitan, Executive Director has joined the Board as a Director.

AUDITORS

M/s. V. Sankar Aiyar & Co., Chartered Accountants, the Auditors of the Company, retire and being eligible, offer themselves for re-appointment. The Auditors' observations in their report and the relative notes on the accounts are self explanatory.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are given in the enclosed statement forming part of the Report.

As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report and Accounts are being sent to all the Shareholders of the Company excluding the particulars of Employees and the copies of Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of the Subsidiary Company. If any Shareholder interested in obtaining such particulars may write to the Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are as under:-

A. Conservation of Energy

1. The Bio Gas generated by the Company from its Effluent Treatment Plant in Distillery Unit is being utilised efficiently as alternate fuel to the Boilers.
2. The Company has conducted Energy Audit by the expert agency and their suggestions were implemented, resulting increase in efficiency and substantial savings.
3. Improvements have been done for efficient utilisation of waste heat from the boilers and distillation plant, resulting savings in steam consumption.

B. Technology Absorption

1. Effluent Treatment cum Bio Gas Recovery Plant installed in earlier years is working satisfactory at its optimum efficiency.
2. Commissioning of Biogas digester has improved fuel efficiency and Capacity utilisation of Distillery unit.
3. Installation of Co-generation Plant during the current year will result substantial reduction in power costs.

C. Foreign Exchange

Particulars of earnings and outgo of Foreign Exchange are given in notes on Accounts in Schedule 19 of the Accounts.

ACKNOWLEDGEMENTS

The Directors convey their grateful thanks to the Government Authorities (Central & States), Financial Institutions, Banks, Shareholders, Distributors Dealers and Customers for their continued assistance, co-operation and patronage. The Directors also record their appreciation of the contribution made by the employees at all levels.

New Delhi
24th February, 1999

for & on behalf of the Board
LALIT KHAITA
Chairman & Managing Director