



Annual Report 1997-98

Report Junction



Saurashtra Cement
Limited





Saurashtra Cement Limited

Notice

Notice is hereby given that the 41ST ANNUAL GENERAL MEETING of the Members of the Company will be held at **10.00 a.m. on Monday the 30th November, 1998** at the Registered Office of the Company, near Railway Station, RANAVAV 360 560 (Gujarat), to transact the following business:

1. To consider & adopt the Directors' Report and Audited Profit & Loss Account for the year ended 30th June, 1998 and the Balance Sheet as on that date.
2. To declare a dividend for the financial year ended 30th June, 1998.
3. To appoint a Director in place of Mr. B.N. Reporter who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. G.V. Kapadia who retires by rotation and being eligible, offers himself for re-election.
5. To appoint a Director in place of Mr. M.N. Rao who retires by rotation and being eligible, offers himself for re-election.
6. To appoint a Director in place of Mr. H.D. Mehta who retires by rotation and being eligible, offers himself for re-election.
7. To appoint a Director in place of Mr. S.C. Mital who retires by rotation and being eligible, offers himself for re-election.
8. To appoint a Director in place of Mr. I. K. Agarwal who retires by rotation and being eligible, offers himself for re-election.
9. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT Mr. Peter Gorm Christiansen who was appointed as an Additional Director of the Company with effect from 1.4.1998 pursuant to Section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company".

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

"RESOLVED THAT Mr. Martin M. Kristensen who was appointed as an Additional Director of the Company with effect from 1.4.1998 pursuant to Section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company".

12. 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 94 and other applicable provisions, if any, of the Companies Act, 1956 the Authorised Share Capital of the Company be and is hereby increased from the present Rs. 110,00,00,000 (Rupees one hundred ten crores only) divided into 7,00,00,000 (seven crores) equity shares of Rs. 10/- (Rupees ten only) each, 35,00,000 (thirty five lacs) preference shares of Rs. 100/- (Rupees one hundred only) each and 50,00,000 (fifty lacs) unclassified shares of Rs. 10/- (Rupees ten only) each to Rs. 135,00,00,000 (Rupees one hundred thirty five crores only) divided into 7,00,00,000 (seven crores) equity shares of Rs. 10/- (Rupees ten only) each, 60,00,000 (sixty lacs) preference shares of Rs. 100/- (Rupees one hundred only) each and 50,00,000 (fifty lacs) unclassified shares of Rs. 10/- (Rupees ten only) each with power to the Board to classify the same and to attach rights, privileges and conditions thereto into different classes as may be permitted under the Act from time to time."

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

"RESOLVED THAT existing Clause 5 of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered by deleting the same and substituting in place and stead thereof, the following new Clause 5:

The Authorised Share Capital of the Company is Rs. 135,00,00,000 (Rupees one hundred thirty five crores only) divided into 7,00,00,000 (seven crores) equity shares of Rs. 10/- (Rupees ten only) each, 60,00,000 (sixty lacs) preference shares of Rs. 100/- (Rupees one hundred only) each and 50,00,000 (fifty lacs) unclassified shares of Rs. 10/- (Rupees ten only) each with rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being with power to increase or reduce the capital of the Company and to divide the share capital for the time being into different classes as may be permitted by the Act and attach thereto respectively such preferential, qualified, special rights, privileges or conditions as may be determined by or in accordance with the Companies Act and the Articles of Association of the Company for the time being and to vary, modify or abrogate, any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 and as provided by the Articles of Association of the Company for the time being."

14. 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 are hereby altered by deleting clause 4(a) of the Articles of Association and substituting in place and stead thereof the following new clause as 4(a).

4(a) The Authorised Share Capital of the Company is Rs. 135,00,00,000 (Rupees one hundred thirty five crores only) divided into 7,00,00,000 (seven crores) equity shares of Rs. 10/- (Rupees ten only) each, 60,00,000 (sixty lacs) preference shares of Rs. 100/- (Rupees one hundred only) each and 50,00,000 (fifty lacs) unclassified shares of Rs. 10/- (Rupees ten only) each with power to the Board to classify the same and to attach rights, privileges and conditions thereto into different classes as may be permitted under the Act from time to time."

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

"RESOLVED THAT in terms of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary, and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors (hereinafter referred to as 'the Board') of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board at its absolute discretion, the consent of the Company be and is hereby accorded to the Board to offer/ issue/allot, in the course of domestic and/or international offering, upto 6 million 15% cumulative redeemable preference shares of Rs. 100/- each at par (hereinafter for brevity's sake referred to as 'Securities') to such class of persons being either Indian or foreign financial institutions, banks, foreign companies, investment bankers, development institutions, pension funds, mutual and other funds, foreign institutional investors, members, promoters or their associate, resident and/or non-resident Indians, overseas corporate bodies, etc., as the Board may at its absolute discretion decide, in one or more modes or combinations thereof and in one or more tranches which Securities when issued or allotted in one or more tranches would initially result in an increase in the nominal value of the subscribed share capital of the Company by an amount not exceeding Rs. 600 million."

"RESOLVED FURTHER THAT the terms and conditions of issue of the Securities including the number of Securities to be issued, face value, calls, terms of redemption etc. shall be determined by the Board in its absolute discretion and, where applicable, in accordance with the applicable guidelines, rules and regulations, as the case may be."

"RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed of by the Board/Committee thereof to such persons and in such manner and on such terms as the Board/Committee in its absolute discretion think most beneficial to the Company including offering or placing them with any of the class of persons mentioned above as the Board/Committee thereof may in its absolute discretion decide."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised 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 the offer/ issue, allotment and utilisation of the proceeds and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may

deem fit."

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

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment or re-enactment thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, guidelines issued by the Securities and Exchange Board of India (SEBI), Listing Agreements entered into with the Stock Exchanges and their regulations, and subject to such consents, approvals, permissions or sanctions as may be required under any legislation or rules and regulations for the time being in force and subject to the necessary approval of the Government of India, Reserve Bank of India and all other appropriate authorities, and subject further to such other terms, conditions, stipulations, alterations, amendments or modifications as may be specified or suggested by any of the concerned authorities or bodies, which stipulations, alterations, amendments or modifications, Board of Directors (hereinafter referred to as "the Board") and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board (hereinafter referred to as "the Committee"), is authorised to accept as it deem fit, and the approval/consent of the members be and is hereby accorded to issue and allot in one or more lot(s) on preferential basis not exceeding 33.33 million equity shares/equity linked instruments and/or equity warrants and/or 0% convertible preference shares and/or fully/partly/optionally convertible debentures and/or any other equity linked securities which when converted together with equity share, if any, allotment/conversion of which will not exceed 33.33 million equity shares (hereinafter referred to as "Securities") for value not exceeding Rs.1000 million at a price/conversion price determined in accordance with the SEBI guidelines on preferential allotment of 4th August, 1994, but in any event not less than Rs. 30/- per share/instrument to such class of persons being either Indian financial institutions, domestic and foreign banks, foreign companies, investment bankers, development institutions, members, promoters and/or their associates, pension funds, insurance companies, mutual and other funds, foreign institutional investors, domestic companies, resident and non resident Indians, overseas corporate bodies, etc.

"RESOLVED FURTHER THAT these securities to be issued and allotted as aforesaid shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall on allotment or upon conversion rank pari passu with the existing equity shares of the Company in all respects except that the dividend, if any, declared during the year of allotment on the said securities shall be paid on pro-rata basis from the date of allotment/conversion of security and shall also be proportionate to the amount paid up per security from time to time."

"RESOLVED FURTHER THAT the Board and/or the Committee be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary and settle any or all matters arising with respect to the issue, allotment and utilisation of the proceeds of the issue of securities, execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to the aforesaid resolution, take such further steps as required for the allotment and listing of the securities to be thus issued and to make such modifications in the foregoing as may be considered desirable by the Board and/or the Committee in the best interest of the Company and its shareholders."

DISCLOSURE PURSUANT TO CLAUSE (C) OF SUB REGULATION (1) OF REGULATION (3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 IS GIVEN BELOW:

1. IDENTITY OF THE PROPOSED ALLOTTEE AND THE PRICE AT WHICH THE ALLOTMENT IS PROPOSED:

It is proposed to issue and allot securities not exceeding 33.33 million. Shareholders whose holding is likely to increase to 5% or more of the post issued capital relevant details are furnished in the following table:

Issue Price (Rs./Security)	Name of Proposed Allottees	Class of Allottee	Type of Security	No. of Securities	Face Value (Rs./Security)	Conversion Price (Rs./Security)	Conversion Period (months)	Conversion Ratio
30/-each	The Industrialization Fund for Developing Countries (IFUC)	Development Institution	Equity shares/ Equity linked instrument	Upto 11 million	10/-each	30/-each	Not later than 18 months from the date of allotment	1 : 1
30/-each	F.L. Smidth & Co. A/s. and its subsidiaries	Foreign Company/ Indian Company	Equity shares/ Equity linked instrument	Upto 2.5 million	10/-each	30/-each	Not later than 18 months from the date of allotment	1 : 1

Sansco Cement Limited

2. REASONS FOR THE ALLOTMENT :

This allotment is proposed to be made to part finance the modernisation and expansion project of the Company at Ranavav by which cement production capacity will be enhanced by 1.1 million tonnes per annum and for construction of jetties at Porbandar and near Mumbai and acquisition of ship of 5000 DWT.

3. PRESENT SHAREHOLDING OF THE PROPOSED ALLOTTEE:

Name of the Shareholder	No. of Shares held	% of the existing subscribed capital of the Company
The Industrialization Fund for Developing Countries (IFU)	19,05,300	6.85
F.L. Smidth & Co. A/s (FLS)	19,05,300	6.85

The present issued and subscribed capital of the Company is Rs. 27.80 crores divided into 2,78,02,781 equity shares of Rs.10/- each.

4. FURTHER TO THE SECURITIES PROPOSED TO BE ALLOTTED AS IN (1) ABOVE, THE PERCENTAGE OF THEIR HOLDING TO THE POST ISSUE CAPITAL, AFTER THE PROPOSED ALLOTMENT/ CONVERSION OF THE SECURITY INTO EQUITY WILL BE AS BELOW:

No. of Shares held	No. of shares proposed to be allotted	Total holding after proposed Allotment/Conversion	% to the Post issue Capital
19,05,300	Upto 11 million	1,29,05,300	21.11
19,05,300	Upto 2.5 million	44,05,300	7.21

5. CONSEQUENTIAL CHANGE IN THE BOARD OF DIRECTORS AND VOTING RIGHTS:

There shall not be any change in the constitution of the Board of Directors of the Company or in the control of the Company.

6. PRE ISSUE AND POST ISSUE SHAREHOLDING PATTERN (ASSUMING FULL CONVERSION OF ALL SECURITIES) OF THE COMPANY:

Category	Pre-issue Holding (No. of shares)	% to the existing subscribed capital	Post-issue Holding (No. of shares)	% to the total capital Post issue
Promoters and Associates	1,79,31,708	64.50	1,79,31,708	29.33
Financial Institutions	17,27,457	6.21	17,27,457	2.83
Foreign Development Institution	19,05,300	6.85	1,29,05,300	21.11
Foreign Company and its Subsidiaries	19,05,300	6.85	44,05,300	7.21
Other (existing holding less than 5% each)	43,33,066	15.59	2,41,66,400	39.52
TOTAL	2,78,02,831	100.00	6,11,36,165	100.00

17. 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, 309, 310, and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended and subject to such permissions, consents and approvals from various authorities as may be required and subject to such conditions, if any, that may be imposed by any authority while granting their permissions, consents and approvals and which the Board of Directors is hereby authorised to accept, the Company hereby accords its consent to the increase in remuneration of Mr. M.S.Gilotra, Managing Director of the Company from 1.7.1998 upto 30.06.2000 as set out in the explanatory statement annexed herewith."

"RESOLVED FURTHER THAT the remuneration payable together with perquisites as detailed in the explanatory statement except commission be paid to Mr. M.S. Gilotra during the balance tenure of his contract from 1.7.1998 to 30.06.2000 as minimum remuneration in case of absence of profit or the profit in any financial year is inadequate subject to approval of the Central Government."

18. 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, following be included in Article 1 of the Articles of Association of the Company at appropriate place in respect of shares held in Depository.

- '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 in clause(e) of sub-section (1) of Section 2 of the Depositories Act, 1996;

Article 3 of the Articles of Association shall be substituted by the following new Article 3.

- The Company shall have power to issue Preference Shares whether cumulative or otherwise carrying a right of redemption liable to be redeemed not later than the end of the 20th year from the date of issue of such shares. The Company shall also have power to issue convertible preference shares whether cumulative or otherwise and the Directors may, subject to the provisions of the Companies Act in that behalf exercise powers in any manner as they may think fit.

Article 14 be amended as under:

- The certificates of title shall be issued under the Seal of the Company and shall bear the signature of two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney and the Company Secretary or some other person appointed by the Board for the purpose, provided however, that no share certificate(s) shall be issued in respect of shares held in Depository.

After Article 15, a new Article 15(a) shall be inserted as under:

- 15(a) The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/or to issue fresh shares, debentures and other securities, in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

After Article 34, a new Article 34(a) shall be inserted as under:

- 34(a) In the case of transfer or transmission of shares or other marketable securities where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

After Article 37, the following shall be added:

- "Provided if the shares or securities are held in electronic and fungible form in a Depository, the instruments of transfer may be in the form as prescribed under provisions of Depositories Act, 1996."

Existing Article 109 (b) shall be substituted by the following new Article 109 (b) :

- 109(b) A Meeting of the Board of Directors shall be held atleast once in every three calendar months.

By Order of the Board of Directors

A.M. FADIA

Director (Legal & Secretarial)

Mumbai ,

Dated : 30th October, 1998.

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT

LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 for Special Business mentioned in the above Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 24th November, 1998 to Monday the 30th November, 1998 (both days inclusive) and will reopen on Tuesday the 1st December, 1998.
4. Members are requested to notify immediately any change of address to the Company at the Registered office or at the following address quoting their Folio number, to ensure prompt receipt of dividend warrants, etc.

Share Department
Saurashtra Cement Limited
Air India Building, 20th floor,
Nariman Point
Mumbai 400 021

5. Dividend for the year ended June 30, 1998, as recommended by the Directors, if declared at the Annual General Meeting, will be paid, to those Members whose names appear on the Company's Register of Members at the close of working hours of the Company on 30th November, 1998.

Dividend if declared at the Annual General Meeting will be paid on or after, 1st December, 1998 to the eligible members.

EXPLANATORY STATEMENT

Item No. 10

Mr. Peter Gorm Christiansen was appointed as an Additional Director on the Board of Directors of the Company w.e.f. 1.4.1998 under Section 260 of the Companies Act, 1956 and under Article 97 of the Articles of Association of the Company, he holds the office only upto the date of this Annual General Meeting of the Company. Notice together with requisite deposits under Section 257 of the Companies Act, 1956 have been received by the Company from Members for appointment of Mr. Peter Gorm Christiansen as Director of the Company.

None of the Directors except Mr. Peter Gorm Christiansen is concerned or interested in the Resolution.

The Board commend the resolution for your approval.

Item No. 11

Mr. Martin M. Kristensen was appointed as an Additional Director on the Board of Directors of the Company w.e.f. 1.4.1998 under Section 260 of the Companies Act, 1956 and under Article 97 of the Articles of Association of the Company, he holds the office only upto the date of this Annual General Meeting of the Company. Notices together with requisite deposits under Section 257 of the Companies Act, 1956 have been received by the Company from Members for appointment of Mr. Martin M. Kristensen as Director of the Company.

None of the Directors except Mr. Martin M. Kristensen is concerned or interested in the Resolution.

The Board commend the resolution for your approval.

Item Nos. 12, 13 & 14

In order to have adequate amount of Authorised Share Capital and to have flexibility to take advantage for issuing various instruments like convertible preference shares and to take care of future issue of shares, as and when deemed fit and appropriate, it is proposed to increase the Authorised Share Capital of the Company from the present Rs. 110 crores to Rs. 135 crores and consequently amend Clause 5 of the Memorandum of Association and Clause 4(a) of Articles of Association of the Company as set out in the notice in accordance with the provisions of Sections 16, 31 and 94 of the Companies Act, 1956. Even today the Company has expansion proposals under consideration envisaging capital expenditure upto Rs. 300 crores. However, the actual increase in capital will depend upon the final decision taken in this respect.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 15

The Company's strategy is to modernise and expand its production capabilities and to establish its market leadership. In evaluating and deciding upon various related proposals, it has become necessary to look at various financing options. In addition to the proposal to issue shares/instruments, the Board is also considering the proposal to issue preference shares and is presently in dialogue with various persons in the classes of persons mentioned in the resolution. The Board consider it necessary to raise financial resources at appropriate time(s) by further issue of preference shares in the course of domestic/international offering to such class of persons and in such manner as stated in the resolution.

Section 81(1A) of the Companies Act, 1956, permits offering of further shares to any persons in any manner whatsoever, if special resolution to that effect is passed by the members of the Company.

The Listing Agreements with the Stock Exchanges provide, inter alia, that the Company in the first instance should offer all the shares and debentures to be issued for subscription pro-rata to the equity shareholders unless the shareholders in a general meeting decide otherwise.

Accordingly, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the various Stock Exchanges in India where the Company's shares are listed.

Since the securities are to be issued and allotted on preferential basis, the Board recommends passing of the special resolution proposed in the accompanying notice as required under the provisions of Section 81(1A) of the Companies Act, 1956.

All the Directors of the Company may be deemed to be concerned or interested to the extent to the securities that may be allotted to them or to the companies in which they are interested.

Item No. 16

As mentioned above, the Company's strategy is to modernise and expand its production capabilities and to establish its market leadership. In evaluating and deciding upon various related proposals, it has become necessary to look at various financing options. In addition to the proposal to issue preference shares, the Board is also considering the proposal to issue equity shares/equity linked instruments and is presently in dialogue with various persons in the classes of persons mentioned in the resolution. The Board consider it necessary to raise financial resources at appropriate time(s) by further issue of preference shares in the course of domestic/international offering to such class of persons and in such manner as stated in the resolution.

The Company, if necessary, in consultations with appropriate authorities and advisors, will fix at the relevant time, the detailed terms of the issue. It shall be ensured that there is no change in the Board and control over the Company.

The said resolution is an enabling resolution conferring authority on the Board to cover all present and future contingencies and corporate requirements.

Section 81(1A) of the Companies Act, 1956, permits offering of further shares to any persons in any manner whatsoever, if special resolution to that effect is passed by the members of the Company.

The Listing Agreements with the Stock Exchanges provide, inter alia, that the Company in the first instance should offer all the shares and debentures to be issued for subscription pro-rata to the equity shareholders unless the shareholders in a general meeting decide otherwise.

Accordingly, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the various Stock Exchanges in India where the Company's shares are listed.

The Directors commend the resolution as a special resolution for approval of the shareholders.

All the Directors of the Company may be deemed to be concerned or interested to the extent to the securities that may be allotted to them or to the companies in which they are interested.

Item No. 17

The Board of Directors at its meeting held on 27th August, 1998 had revised the salary of Mr. M.S. Gilotra - Managing Director of the Company from 1.7.1998 detailed hereunder. The increase in salary was subject to the necessary

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approval of the shareholders and the Central Government.

A. Remuneration

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|---|---|--|
| Salary | : | Rs. 65,000/- per month |
| Special allowance | : | Rs. 12,500/- per month |
| Commission Perquisites | : | 1% of the Net Profit of the Company, subject to ceiling of 50% of the salary. |
| I. Housing - I | : | The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the following ceilings:- |
| a) If posted at Mumbai, Calcutta
Delhi & Chennai | : | 60% of the salary, over and above 10% payable by the appointee. |
| b) Other places | : | 50% of the salary, over and above 10% payable by the appointee. |
| Housing - II | : | In case the accommodation is provided by the Company, 10% of the salary of the appointee shall be deducted by the Company. |
| Housing-III | : | In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowances subject to the ceilings laid down in Housing-I. |
| II. Medical Reimbursement | : | Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years and payment of premium for hospitalisation insurance for self and family as applicable to senior executives of the Company. |
| III. Leave travel expenses | : | For self and his family once in a year as per the rules of the Company. |
| IV. Club fees (excluding admission
& life membership fees) | : | Fees of clubs subject to maximum of two clubs excludes admission and life membership fees. |
| V. Personal Accident Insurance | : | Premium not exceeding Rs.4,000/- per annum. |

For purposes of determining the perquisites, the family means, the spouse, the dependent children and dependent parents.

B. Provision of Car for use of Company's business and telephone at residence.

He shall also be entitled to reimbursement of expenses on actual, properly incurred by him for the business of the Company.

C. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent of these, either singly or put together are not taxable under the Income Tax Act. Gratuity not exceeding half a month's salary for each completed year of service as per the rules of the Company.

D. He shall also be entitled to encashment of leave at the end of the tenure and other perks applicable in accordance with the scheme(s) and rule(s) applicable to the senior executives or any modification(s) that may be made in any scheme(s) or rule(s).

E. In case of absence of profit or inadequate profit during any financial year, the above remuneration except commission shall be minimum remuneration, subject to the company obtaining requisites permission/approvals from the concerned authority.

Except Mr. M.S. Gilotra, none of the other Directors of the Company are interested in the resolution.

This may be treated as an abstract of the Agreement as required under Section 302 of the Companies Act, 1956.

Item No. 18

Consequent to the passing of the Depositories Act, 1996 and the introduction of the Depository system, some of the provisions of the Articles of Association relating to the issue, transfer/transmission, dealing in shares, etc. are proposed to be amended to conform to the requirements of the Depositories Act, 1996.

Similarly, the Articles of Association are proposed to be amended to bring them in line with the existing Law/Guidelines.

A copy of the Articles of Association of the Company is available for inspection by the members between 9.30 a.m. to 11.30 a.m. on any working day, at the registered office of the Company, upto the date of the meeting.

The Board commends passing of the resolution at Item No. 18 of the Notice.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

A.M. FADIA

Director (Legal & Secretarial)