



Shaw Wallace & Company Limited
ANNUAL REPORT 1999-2000



The Spirit of Global Growth!

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Notice:

Notice is hereby given that the Fifty-fourth Annual General Meeting of the Members of Shaw Wallace & Company Limited will be held at the Convention Centre, Science City, J. B. S. Haldane Avenue, Calcutta 700046 on Saturday, the 30th day of December, 2000 at 11.00 a.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2000 and the Profit & Loss Account for the year ended on that date and the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Y. C. Lumba, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. R. W. Hollands, who retires by rotation and being eligible, offers himself for reappointment.
4. 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 224A of the Companies Act, 1956, M/s Lodha & Co., Chartered Accountants, Calcutta, the retiring Auditors, be and are hereby reappointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration and also to reimburse all out-of-pocket expenses incurred by them for the purpose of conducting the audit and to pay the remuneration so fixed in quarterly instalments.

Special Business:

To consider and if thought fit, to pass with or without modification(s), the following Resolutions:

5. As an Ordinary Resolution:

RESOLVED THAT Mr. Satish G. Pillai, who holds office upto the date of this Annual General Meeting in terms of the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed a director of the Company, liable to retire by rotation.

6. As an Ordinary Resolution:

RESOLVED THAT Mr. Suresh Dadlani, who holds office upto the date of this Annual General Meeting in terms of the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed a director of the Company, liable to retire by rotation.

7. As an Ordinary Resolution:

RESOLVED THAT Mr. Niranjana M. Thakur (Mr. Thakur) be and is hereby appointed as a director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded to the appointment of Mr. Thakur as a Whole-time Director, for a period of 5 years from 28th August, 2000 till 27th August, 2005 (both days inclusive) on the terms and conditions including remuneration as set out in the agreement entered into by the Company with Mr. Thakur, with absolute liberty to the Board of Directors to further alter, amend and vary the terms and conditions of the said appointment and / or agreement including the terms of remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force, as may be agreed to between the Board of Directors and Mr. Thakur.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Thakur, remuneration by way of salary, perquisites and other allowances not exceeding the limits under Section II of Part II of Schedule XIII to the Companies Act, 1956, for the time being in force.

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RESOLVED FURTHER THAT in the event of any statutory amendment 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, alter or increase the remuneration, including salary, commission, perquisites, allowances etc. payable to Mr. Thakur within such prescribed limit or ceiling and the aforesaid agreement between the Company and Mr. Thakur be suitably amended to give full and final effect to such modification, relaxation or variation without any further reference to the Company in a General Meeting.

RESOLVED FURTHER THAT with the approval of the Department of Company Affairs, Government of India, the Company may pay him his full remuneration as set out in the Explanatory Statement.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such actions as may be necessary to give full and final effect to the decision taken herein.

8. 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 altered in the following manner:

- i. After the existing Article 54, the following new Article 54A be inserted:

Article 54A: Nomination of Shares / Debentures

Notwithstanding anything contained in these Articles or the Act, every holder of shares in or debentures of the Company may, at any time, nominate, in the prescribed manner, in terms of the provisions of Section 109A of the Act, a person in whose name the shares in or debentures of the Company held by him / her shall vest in the event of his / her death and where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person in whose name all the rights in the shares in or debentures of the Company shall vest in the event of death of all the joint holders.

- ii. The existing Article 55 be amended to commence with the words 'Except where the Company has registered a request from any shareholder(s) for nomination of any person in whom all the rights in the shares in the Company held by him / her / them shall vest in the event of death of the shareholder/all the joint holders,' and the existing first word 'The' be read as 'the'.
- iii. The existing Article 56 be deleted and substituted by the following Article 56:

Article 56: Transmission of Shares/Debentures

Notwithstanding anything contained in these Articles or the Act, any person who:

- a. becomes a nominee by virtue of the provisions of Section 109A of the Act, may elect, subject to compliance of the provisions of Section 109B of the Act, either to be registered himself as holder of the shares or debentures, as the case may be OR to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debentureholder, as the case may be, would have made and
- b. otherwise becomes entitled to transfer in his / her name, of shares/debentures as a consequence of the death or insolvency of any shareholder/debentureholder, shall be entitled to get himself registered as a holder of those shares/debentures or subject to the regulations contained herein, to transfer such shares/debentures,
 - subject however to submission of such documentary evidence as may be required by the Board of Directors (which includes any Committee thereof, to whom powers inter alia, of transfer / transmission of shares/debentures have been delegated). This Article is hereinafter referred to as 'the Transmission Article'.
- iv. The existing Article 170 be deleted and substituted by the following Article 170:

Article 170: Transfer of unpaid/unclaimed dividend to the Investor Education and Protection Fund

Notwithstanding anything contained in these Articles or the Act, any money transferred to the unpaid/unclaimed dividend account of the Company in pursuance of Section 205A of the Act,

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which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the Investor Education and Protection Fund.

- v. The existing Article 154 be deleted and substituted by the following Article 154:

Article 154: The Seal

The Board shall provide for the safe custody of the Seal and the Seal shall not be affixed to any instrument except by the authority of a resolution of the Board or any Committee of directors previously given and except in the presence of two directors or one director and the Company Secretary or such other person as the Board may authorise for the purpose from time to time; these two directors and the Company Secretary or the other person so authorised, shall sign every instrument to which the seal of the Company is so affixed in their presence.

- vi. The existing Article 112 stipulating acquisition of share qualification of the nominal value of Rs.1000 by directors, be deleted.

9. As a Special Resolution:

RESOLVED THAT pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the issuance of Corporate Guarantees to the extent of Rs.1450.00 lacs (Rupees One thousand four hundred fifty lacs only) to Banks / Financial Institutions as collateral security for the financial assistances sanctioned by them to various subsidiaries of the Company, notwithstanding that the aggregate of the Corporate Guarantees referred to above, alongwith the investments already made, the loans already made and the guarantees already given exceed 60% of the aggregate of the paid up share capital and free reserves of the Company or 100% of the free reserves of the Company, whichever is higher.

10. As an Ordinary Resolution:

RESOLVED THAT consent of the Company be and is hereby accorded to the capitalisation of a sum of Rs. 42,99,000 (Rupees Forty two lacs ninety nine thousand only) by way of appropriation from the credit of Capital and Dividend Suspense Account for issuance of 429900 equity shares of Rs. 10 each, fully paid, which were kept in abeyance (hereinafter referred to as 'the said shares') and the same be treated as an increase in the nominal amount in the paid up share capital of the Company.

RESOLVED FURTHER THAT the said shares shall always be subjected to the terms and conditions of the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorised to take such steps and actions and give such directions as they may, in their absolute discretion, deem necessary, in this regard.

By Order of the Board,
for SHAW WALLACE & COMPANY LTD.,

N. Mehra
General Manager - Secretarial

Place: Mumbai
Date : 4th December, 2000

Registered Office:
"Wallace House",
4, Bankshall Street,
Calcutta 700 001

Corporate Office:
Shaw Wallace House,
Survey-31, H1(Part),
Link Road, Chakala,
Andheri (E),
Mumbai 400 099

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Notes:

1. The Register of Members and the Share Transfer Registers relating to the Equity Shares of the Company remained closed from 16th September, 2000 to 26th September, 2000, both days inclusive.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote in his / her stead. A Proxy need not be a Member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than forty-eight hours before the Meeting.
3. M/s. Lodha & Co., Chartered Accountants, Calcutta, the retiring Statutory Auditors, have vide their letter dated 18th November, 2000 signified their willingness to be reappointed as Statutory Auditors and have confirmed that their reappointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

Financial Institutions/Insurance Companies/Nationalised Banks hold more than 25% of the subscribed Share Capital of the Company. As such, in terms of Section 224A(1) of the Companies Act, 1956, the resolution for reappointment of Statutory Auditors of the Company is proposed as a Special Resolution.

4. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of items of Special Business is annexed hereto.
5. Queries relating to non-receipt of share / debenture certificates after transfer / transmission, dematerialisation/rematerialisation, dividend/interest, mandates etc. may be sent to M/s. MCS Ltd., Share Transfer Agents, at Sri Venkatesh Bhavan, Plot No. 27, Road No. 11, MIDC Area, Andheri (E), Mumbai 400093. Share transfers may also be lodged at any other office of MCS Ltd.
6. Members are requested to notify change of address, if any, (a) to their respective Depository Participant in case of shares held in electronic form and (b) to MCS Ltd. in case of shares held in physical form.
7. Any member desirous of obtaining any information pertaining to the Accounts may forward such queries in writing to the Vice President-Corporate Finance at the Corporate Office at least 10 days prior to the Meeting in order to keep the information ready to the extent possible.
8. Members are requested to bring their copies of Annual Report at the Meeting.
9. Members having multiple accounts in identical names or joint accounts in the same order are requested to intimate to the Company, the ledger folios of such accounts, for consolidation of all such shareholdings into one account.
10. Members intending to dematerialise their shareholdings may approach any Depository Participant for opening a Beneficiary Account. For any additional information / clarification, members may contact National Securities Depository Ltd. or Central Depository Services (India) Ltd.
11. Unclaimed dividends upto and including the financial year ended 30th June, 1995 have been transferred to the General Revenue Account of the Central Government.

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

Item No. 5

The Board of Directors of the Company had appointed Mr. Satish G. Pillai as an Additional Director, effective 22nd October, 2000. Mr. Pillai holds office only upto the date of this Annual General Meeting pursuant to Article 111 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956.

The Company has received a notice under Section 257 of the Companies Act, 1956, from a member along with a deposit of Rs.500 signifying his intention to propose the name of Mr. Pillai as Director of the Company, liable to retire by rotation.

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Your Board is of the opinion that the knowledge and experience of Mr. Pillai will be of immense benefit and value to the Company and hence, recommends the resolution set out at item no. 5 in the annexed Notice for your approval.

None of the Directors of the Company except Mr. Satish G. Pillai is deemed to be concerned or interested in this Resolution.

Item No. 6

The Board of Directors of the Company had appointed Mr. Suresh Dadlani as an Additional Director, effective 22nd October, 2000. Mr. Dadlani holds office only upto the date of this Annual General Meeting pursuant to Article 111 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956.

The Company has received a notice under Section 257 of the Companies Act, 1956, from a member alongwith a deposit of Rs.500 signifying his intention to propose the name of Mr. Dadlani as Director of the Company, liable to retire by rotation.

Your Board is of the opinion that the knowledge and experience of Mr. Dadlani will be of immense benefit and value to the Company and hence, recommends the resolution set out at item no. 6 in the annexed Notice for your approval.

None of the Directors of the Company except Mr. Suresh Dadlani is deemed to be concerned or interested in this Resolution.

Item No. 7

Mr. Niranjan M. Thakur (Mr. Thakur) was appointed on 28th August, 2000 as an Additional Director. He was also appointed as a whole time director for a period of five years from 28th August, 2000 till 27th August, 2005 (both days inclusive), subject to approval of the Company in a General Meeting. The material terms and conditions of the agreement dated 4th December, 2000 entered into by the Company with Mr. Thakur, consequent to his appointment as Whole time Director, inter alia, are as follows:

1. Basic Salary: Rs.1,16,000 (Rupees One lac sixteen thousand only) per month, such salary being payable on the last working day of each month with such revision as may be approved by the Board from time to time.
2. House Rent Allowance: Rs.69,600 (Rupees Sixty nine thousand six hundred only) per month. However, if the Company provides Mr. Thakur with a furnished accommodation, the said allowance will not be payable to him.
3. Car Allowance/Company maintained Car: Rs.57,834 (Rupees Fifty seven thousand eight hundred thirty four only) per month shall be payable as Car Allowance. If the Company provides Mr. Thakur with a car, he will be reimbursed the expenses incurred for the maintenance thereof and for the use of petrol. For the personal use of such car, Mr. Thakur will be required to reimburse the Company, such sum as may be prescribed by the Income Tax Rules in force from time to time.
4. Medical Allowance: Rs.15,049/- (Rupees Fifteen thousand forty nine only) per month, such allowance being payable on the last working day of each month along with the salary.
5. Leave-travel assistance equivalent to one month's basic salary.
6. Maintenance / soft furnishings: Rs.14,500 (Rupees Fourteen thousand five hundred only) per month.
7. Gas / Electricity equivalent to 10% of monthly basic salary, subject to Income Tax Rules in force from time to time.
8. Retiral Benefits:
 - a. Provident Fund Contribution - Rs.13,920 (Rupees Thirteen Thousand nine hundred twenty only) per month

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- b. Superannuation Fund Contribution - Rs.17,400 (Rupees Seventeen Thousand four hundred only) per month
 - c. Gratuity – as per provisions of the Payment of Gratuity Act.
9. Club membership: Mr. Thakur will be entitled to payment / reimbursement of membership fees of one club, not including life membership fees.

The aforesaid may be treated as an abstract in terms of Section 302 (1) of the Companies Act, 1956.

The Company has received notice under Section 257 of the Companies Act, 1956 from a member alongwith a deposit of Rs. 500 signifying his intention to propose the name of Mr. Thakur as Director of the Company, liable to retire by rotation.

Mr. Thakur in his individual capacity and Mr. M. R. Chhabria and Ms. Komal Chhabria Wazir, relatives, may be deemed to be concerned or interested in this resolution.

Item No. 8

The Articles of Association of the Company need alteration on the following counts: '

1. As a result of the Companies (Amendment) Act, 1999 (No.21 of 1999), the Companies Act, 1956 ("the Act") was amended with effect from 31st October, 1998, containing inter alia, provisions which are not in conformity and at parity with some of the existing provisions of the Articles of Association of the Company. Accordingly, the necessary amendments in the Act, as well as the relevant provisions of the Depositories Act, 1996, are proposed to be incorporated by alteration in the respective Articles of the Articles of Association, as more specifically contained in the Resolution set out in Item No.8 in the annexed Notice, subject to approval of the Members at this Annual General Meeting

In order to ensure smooth corporate functioning and derive benefits of the recent amendments in the Act, as well as enactment of the Depositories Act, 1996, the Board of Directors recommends this Resolution for adoption. The respective explanations are appended hereunder:

i. Article 54A

This alteration follows an amendment in the Act enabling the shareholders and debentureholders to nominate a person in whose name the shares in or debentures of the Company shall vest in the event of the death of the shareholder / debentureholder / all the joint holders.

ii. & iii. Articles 55 & 56

These are required for making changes in the Articles for being consistent with the provisions in the Articles pertaining to nomination facility to shareholders and debentureholders.

iv. Article 170: Transfer of unpaid/unclaimed dividend to the Investor Education and Protection Fund

This is necessary in view of the amendment to Section 205A of the Act and accordingly defines the status of the monies remaining unclaimed after the statutory period and transfer to the Investor Education and Protection Fund or such other funds as may be established by the Central Government.

2. In terms of Article 154 of the Articles of Association of the Company, any document requiring affixation of the Common Seal needs to be executed by two directors of the Company or by one director and the Company Secretary. For administrative convenience, it is advisable that other senior executives be also authorised to sign such documents jointly with any one of the directors.
3. In terms of Article 112 of the Articles of Association of the Company, read with Section 270 of the Companies Act, 1956, directors have to acquire 100 equity shares of the Company as their share qualification. Your directors consider it advisable that the said provision be deleted.

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A copy of the Articles of Association of the Company prior to the amendments referred to above, is available for inspection by the Members at the Registered Office of the Company between 1030 and 1230 hours on any working day, except Saturdays.

None of the Directors of the Company is deemed to be concerned or interested in this Resolution.

Item No. 9

The Company has issued the following Corporate Guarantees during the period under review.

Rs. in lacs

In favour of	Amount	On behalf
Andhra Pradesh Industrial Development Corporation Ltd.	350.00	Charminar Breweries Ltd.
Andhra Pradesh State Finance Corporation	240.00	Charminar Breweries Ltd.
Pradeshya Industrial & Investment Corporation of UP Ltd.	420.00	Central Distillery & Breweries Ltd.
Janata Sahakari Bank Ltd.	440.00	SKOL Breweries Ltd.
	1450.00	

In terms of Section 372A of the Companies Act, 1956, the limits for investment, lending and issuing guarantees have been merged and are restricted to 60% of the aggregate of the paid up equity share capital and free reserves OR 100% of the free reserves, whichever is higher. Approval of members is sought for the guarantees issued by the Company during the period under review, which coupled with the aggregate of the investments and loans already made and the guarantees already given would exceed the said limits.

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

Item No. 10

An amount of Rs. 42,99,000 (Rupees Forty two lacs ninety nine thousand only) had been credited to the Capital and Dividend Suspense Account, representing nominal value of bonus equity shares held in abeyance, pending legal proceedings. The said legal proceedings have since been settled, necessitating issuance and release of the shares hitherto held in abeyance.

Your directors recommend the resolution set out in item no. 10 of the annexed notice for adoption.

None of the directors of the Company is deemed to be concerned or interested in this resolution.

Shaw Wallace & Company Limited

Board of Directors
(as on 4th December, 2000)

Mr. M. R. Chhabria	<i>Chairman</i>
Mr. Niranjana M. Thakur	<i>Executive Director</i>
Ms. Komal Chhabria Wazir	<i>Executive Director</i>
Mr. T. S. Shettigar	<i>Director</i>
Mr. Y. C. Lumba	<i>Director</i>
Mr. R. W. Hollands	<i>Director</i>
Mr. Satish G. Pillai	<i>Additional Director</i>
Mr. Suresh Dadlani	<i>Additional Director</i>
Mr. J. A. Kershaw	<i>Alternate Director to Mr. M. R. Chhabria</i>

Auditors
Lodha & Co.

Bankers
Allahabad Bank
The Hong Kong & Shanghai Banking Corporation Ltd.
Standard Chartered Bank
ANZ Grindlays Bank
State Bank of India
State Bank of Travancore
Union Bank of India
Andhra Bank
Bank of Madura
Federal Bank

Registered Office
Wallace House,
4, Bankshall Street,
Calcutta 700 001

Corporate Office
Shaw Wallace House,
Survey-31, H1(Part),
Link Road, Chakala,
Andheri (E), Mumbai 400 099

Share Transfer Agents
MCS Ltd.,
Sri Venkatesh Bhavan,
Plot No. 27, Road No. 11,
MIDC Area, Andheri (E),
Mumbai 400 093