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SINGER INDIA LIMITED

ANNUAL REPORT 1996-97

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SINGER INDIA LIMITED

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BOARD OF DIRECTORS

Mr. Manuel Coutinho, Chairman & Joint Managing Director
Mr. Rajiv Sud, Joint Managing Director
Mr. M.Ahmad
Mr. Rajiv Bhatnagar
Mr. Brahm Dutt
Dr. J.S. Juneja
Mr. Daniel Philiponet
Mr. S. K. Poddar
Mr. T. Pooran
Mr. S. Ramanathan

SECRETARY

Mr. Rajeev Bajaj

BANKERS

State Bank of Travancore
Corporation Bank
Bank of Nova Scotia
Banque Nationale De Paris

AUDITORS

M/s Price Waterhouse
Saidulajab
(Opposite D-Block, Saket)
Mehrauli Badarpur Road,
New Delhi - 110030.

REGISTERED OFFICE

3, Devika Tower,
6, Nehru Place,
New Delhi - 110019.

WORKS

Sewing Products
Lane No. 4,
SIDCO Industrial Estate,
Jammu.

50/2, Site IV,
Industrial Area,
Sahibabad, Dist. Ghaziabad,
Uttar Pradesh.

Audios and Televisions
Lane No. 4,
SIDCO Industrial Estate,
Jammu.

Foundry
Lane No.2
SIDCO Industrial Estate
Phase II
Jammu.

SINGER INDIA LIMITED**ANNUAL REPORT 1996-97****NOTICE**

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SINGER INDIA LIMITED, will be held at Scope Convention Centre, Auditorium, Scope Complex, 7 Lodhi Road, New Delhi-110 003 on Friday, the 19th day of September, 1997 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To record an interim dividend of Rs.1.50 per equity share.
3. To declare a final dividend.
4. To appoint a Director in place of Mr. S. K. Poddar, who retires from the conclusion of this meeting and being eligible, offers himself for re-election.
5. To appoint a Director in place of Dr. J. S. Juneja, who retires from the conclusion of this meeting and being eligible, offers himself for re-election.
6. To appoint a Director in place of Mr. T. Pooran, who retires from the conclusion of this meeting and being eligible, offers himself for re-election.
7. To appoint a Director in place of Mr. S. Ramanathan, who retires from the conclusion of this meeting and being eligible, offers himself for re-election.
8. To appoint a Director in place of Mr. M. Ahmad, who retires from the conclusion of this meeting and being eligible, offers himself for re-election.

ORDINARY BUSINESS - SPECIAL RESOLUTION

9. To appoint Auditors for the ensuing year and fix their remuneration.

To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED that, pursuant to the provisions of Section 224-A and other applicable provisions, if any, of the Companies Act, 1956, M/s Price Waterhouse, Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

RESOLVED FURTHER that, the remuneration payable together with out-of-pocket expenses, if any, and the instalments in which the remuneration is payable to the Auditors shall be such as shall be mutually agreed upon between the Board of Directors and the Auditors."

SPECIAL BUSINESS

10. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:
"RESOLVED that, pursuant to the provisions of Section 17

and other relevant applicable enabling provisions, if any, of the Companies Act, 1956, the Object Clause III of the Memorandum of Association of the Company be and is hereby altered in the following manner:-

- a) Substitute sub-clause 3 of Clause III(A) under the head 'MAIN OBJECTS OF THE COMPANY' by the following new sub-clause 3 of Clause III(A):
(3) "To carry on all or any of the businesses of designers, manufacturers, producers, assemblers, installers, repairers, maintainers, reconditioners, importers, exporters, buyers of or dealers in all kinds of consumer durables and household appliances including, but not restricted to, furniture, electric fans, air-coolers, air-conditioners, refrigerators, audio and video products including televisions, washing machines, water coolers, water filters, air filters, power tools, ovens, toasters, grills, microwave ovens, mixers, grinders, food processors, rice cookers, ironing presses, floor-care appliances and dynamos, motors, armatures, control gear, meters, timers, insulators, and insulating material, switch boards, stores and generally other fittings and accessories of every description and the components and parts of all the foregoing and cases, cabinets, containers, tools and stands for all the foregoing, furniture relating to all the foregoing and of all machinery, apparatus, implements, equipment, articles and things used in the manufacture, maintenance, sale, letting on hire, servicing or distribution of all the foregoing and any other suitable substance, article, product or combination of products capable of being used for the purposes of the above-mentioned businesses or any of them or likely to be required by the customers of the Company."
- b) Delete the sub-clause 58 of Clause III (c) under the head 'Other Objects'."
11. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:
"RESOLVED that, pursuant to Section 258 and other applicable provisions, if any, of the Companies Act, 1956, the number of Directors of the Company for the time being in office be increased from 9 to 11."
12. To appoint a Director in place of Mr. Manuel Coutinho who was appointed Director in a casual vacancy and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and in respect of whom a notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Manuel Coutinho for the office of Director.
13. To appoint a Director in place of Mr. Rajiv Sud who was appointed as an Additional Director and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and in respect of whom

SINGER INDIA LIMITED**ANNUAL REPORT 1996-97****NOTICE (Contd.)**

a notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Rajiv Sud for the office of Director.

14. To appoint a Director in place of Mr. Rajiv Bhatnagar who was appointed Director in a casual vacancy and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and in respect of whom a notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Rajiv Bhatnagar for the office of Director.

15. To appoint a Director in place of Mr. Brahm Dutt who was appointed as an Additional Director and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and in respect of whom a notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Brahm Dutt for the office of Director.

16. To appoint Mr. James Yuan as a Director of the Company who is eligible for appointment and in respect of whom a notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. James Yuan for the office of Director.

17. To appoint Mr. R.S. Turnbull as a Director of the Company who is eligible for appointment and in respect of whom a notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. R.S. Turnbull for the office of Director.

18. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that, the Company hereby approves the payment to Mr. K.K. Gupta, of the accumulated unencashed Privilege Leave to the credit of Mr. K. K. Gupta as on closing hours of 31st December, 1996."

19. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that, the Company hereby approves the payment to the Estate of Mr. Tarun K. Gupta, of the accumulated unencashed Privilege Leave to the credit of Mr. Tarun K. Gupta upto the closing hours of 18th May, 1997."

20. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that, pursuant to Sections 198, 269, 309, 310 and any other applicable provisions of the Companies Act,

1956 and subject to the approval of the Central Government, the Company hereby approves the appointment of and remuneration payable to Mr. Manuel Coutinho as the Whole-time Director of the Company for the period effective 11th March, 1997 upto the conclusion of this Annual General Meeting upon the terms and conditions as set out in the Explanatory Statement relating to this item."

21. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that, pursuant to Sections 198, 269, 309, 310 and any other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, the Company hereby approves the appointment of and remuneration payable to Mr. Rajiv Sud as the Whole-time Director of the Company for the period effective 25th October, 1996 upto the conclusion of this Annual General Meeting upon the terms and conditions as set out in the Explanatory Statement relating to this item."

22. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309, 310, 311 and any other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and subject to such modification as the Central Government and other concerned authorities in accordance with their approval may make, the Company in the General Meeting hereby approves the appointment of and the remuneration payable to Mr. Manuel Coutinho as the Whole-time Director of the Company for a period of three years with effect from the conclusion of this meeting i.e. from 19th September, 1997 to 18th September, 2000 upon the terms and conditions as set out in the draft agreement submitted to this meeting and for the purposes of identification signed by the Chairman thereof, which agreement is hereby specifically approved with the liberty to the Board of Directors to alter and/or vary such terms and conditions of the said appointment including remuneration so as not to exceed the limits prescribed in Schedule XIII read with Sections 198 and 309 of the Companies Act, 1956, or any statutory modifications or re-enactments thereof, as may be mutually agreed by the Board of Directors of the Company and Mr. Manuel Coutinho subject to however that the remuneration by way of salary, commission on profits, performance-linked incentive or bonus (exclusive of perquisites and allowances) shall not exceed a maximum of Rs.7.00 lacs per annum.

RESOLVED FURTHER that, subject to the provisions of Section 198, 309 and other applicable provisions, if any,

SINGER INDIA LIMITED**ANNUAL REPORT 1996-97****NOTICE (Contd.)**

of the Companies Act, 1956, the remuneration payable to Mr. Manuel Coutinho as Whole-time Director by way of salary, perquisites, commission and other allowances shall not exceed 5% of the net profit of the Company where there is one Managing Director/Whole-time Director and 10% of the net profit of the Company for all such managerial personnel taken together in the relevant financial year.

RESOLVED FURTHER that, notwithstanding anything herein-above stated where in any financial year closing on and after April 1, 1997, the Company has incurred a loss or its profits are inadequate, the Company may pay to Mr. Manuel Coutinho remuneration by way of salary, perquisites and other allowances not exceeding ceiling limits as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER that, the Directors of the Company be and are hereby authorised to enter into an Agreement on behalf of the Company with Mr. Manuel Coutinho in terms of the aforesaid draft and to take all other necessary or desirable steps for the purpose of effectuating the appointment of Mr. Manuel Coutinho as the Whole-time Director and matters incidental thereto."

23. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309, 310, 311 and any other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and subject to such modifications as the Central Government and other concerned authorities in accordance with their approval may make, the Company in the General Meeting hereby approves the appointment of and the remuneration payable to Mr. Rajiv Sud as the Whole-time Director of the Company for a period of three years with effect from the conclusion of this meeting i.e. from 19th September, 1997 to 18th September, 2000 upon the terms and conditions as set out in the draft agreement submitted to this meeting and for the purposes of identification signed by the Chairman thereof, which agreement is hereby specifically approved with the liberty to the Board of Directors to alter and/or vary such terms and conditions of the said appointment including remuneration so as not to exceed the limits prescribed in Schedule XIII read with Sections 198 and 309 of the Companies Act, 1956, or any statutory modifications or re-enactments thereof, as may be mutually agreed by the Board of Directors of the Company and Mr. Rajiv Sud subject to however that the remuneration by way of salary, commission on profits, performance-linked incentive or bonus (exclusive of perquisites and allowances) shall not exceed a maximum of Rs.7.00 lacs per annum.

RESOLVED FURTHER that, subject to the provisions of

Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Mr. Rajiv Sud as Whole-time Director by way of salary, perquisites, commission and other allowances shall not exceed 5% of the net profit of the Company where there is one Managing Director/Whole-time Director and 10% of the net profit of the Company where there are more than one such managerial personnel.

RESOLVED FURTHER that, notwithstanding anything herein-above stated where in any financial year closing on and after April 1, 1997, the Company has incurred a loss or its profits are inadequate, the Company may pay to Mr. Rajiv Sud remuneration by way of salary, perquisites and other allowances not exceeding ceiling limits as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER that, the Directors of the Company be and are hereby authorised to enter into an Agreement on behalf of the Company with Mr. Rajiv Sud in terms of the aforesaid draft and to take all other necessary or desirable steps for the purpose of effectuating the appointment of Mr. Rajiv Sud as the Whole-time Director and matters incidental thereto."

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relative explanatory statements pursuant to Section 173(2) of the Companies Act, 1956 are annexed hereto.
3. The Register of Members and Transfer Books of the Company will remain closed for eight days from 9th October, 1997 to 16th October, 1997 (both days inclusive).
4. Members who are holding shares in identical order of names in more than one folio are requested to write to the share department of the Company, enclosing the shares certificates, to enable the Company to consolidate their holdings in one folio. The share certificates will be returned to the members after making necessary endorsement in due course.
5. Members are requested to produce the enclosed attendance slip, duly signed in accordance with the specimen signatures registered with the Company for admission to the meeting hall.
6. Queries on Accounts

It will be appreciated that queries if any, on the accounts and operations of the Company are sent to the Company

SINGER INDIA LIMITED**ANNUAL REPORT 1996-97****NOTICE (Contd.)**

10 days in advance of the meeting so that the answers may be made readily available.

7. Members are hereby informed that all unclaimed dividends upto the financial year ended 31st March, 1993 have been transferred to the general revenue of the Central Government. Individual notices to the concerned members in this regard have also been served upon by the Company. The concerned members are requested to claim the amount from the Registrar of Companies, NCT of Delhi and Haryana, New Delhi.

BY ORDER OF THE BOARD OF DIRECTORS
FOR SINGER INDIA LTD.

NEW DELHI
23rd AUGUST, 1997

RAJEEV BAJAJ
COMPANY SECRETARY

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 9

Section 224-A of the Companies Act, 1956, provides that in the case of a company in which not less than 25% of the subscribed share capital is held by a public financial institution or a Government Company or any other financial institution referred to therein, appointment or re-appointment of Auditors shall be made by way of a special resolution. Since more than 25% of the subscribed share capital of the Company is held by National Small Industries Corporation Limited, a Central Government Enterprise, the resolution for re-appointment of Auditors and fixation of their remuneration is proposed as a special resolution.

The Board of Directors, therefore, recommend the above resolution for your approval.

None of the Directors of the Company is concerned or interested in the resolution.

ITEM NO. 10

The Company has diversified/intends to diversify into new product lines amongst Consumer Durables and Home Appliances, which are synergetic to the Company's existing businesses. It has therefore, become imperative to enlarge the existing sub-clause 3 of Clause III(A) under the heading 'Main Objects of the Company' by mentioning new products/product lines specifically and also to elaborate the existing phrase 'household appliances' in the said sub-clause so as to eliminate ambiguity in interpretation of this Clause with respect to carrying on of such activities and reflecting correctly the kinds of businesses which the Company is actually carrying on and/or intends to carry on in future. This is in compliance with Section 17(1)(d) of the Companies Act, 1956.

Keeping in view the above, a new sub-clause 3 under Clause III(A) is proposed to be substituted in place of the existing clause, if approved by the members. Consequent to this alteration, the

sub-clause (58) of Clause III (c) under the head 'Other Objects' is no longer required and is therefore, proposed to be deleted.

Accordingly, the Directors recommend the special resolution for your approval.

A copy of the Memorandum and Articles of Association of the Company together with the proposed change is available for inspection at the registered office of the Company on any working day (except Saturdays) of the Company between 11.00 a.m. to 1.00 p.m.

None of the Director is interested or concerned in the proposed Resolution.

ITEM NO. 11

In the Annual General Meeting held on 21st September, 1994, the Company had appointed 9 Directors according to the method of proportional representation for a period of three years. The proposed items Nos. 4 to 8 and 12 to 17 of the accompanying Agenda will have the effect of increasing the number of Directors from 9 to 11. Section 258 of the Companies Act, 1956 provides for an Ordinary Resolution of the Company in a general meeting for increasing the number of Directors within the limits fixed in that behalf by the Articles. As such, it is necessary to pass an Ordinary Resolution for increasing the number of Directors as aforesaid. The increase in number of Directors is within the permissible limit of 12 under Article 116 of the Articles of Association of the Company.

None of the Directors of the Company is interested or concerned in the Resolution.

ITEM NO. 12

The Board of Directors appointed Mr. Manuel Coutinho as a Director effective 1st January, 1997 to fill the casual vacancy caused by the resignation of Mr. K. K. Gupta pursuant to Section 262 of the Companies Act, 1956 read with Article 121 of the Articles of Association of the Company. He holds office upto the date of the 19th Annual General Meeting. A notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956 alongwith the requisite deposit proposing Mr. Manuel Coutinho as a candidate for the office of Director.

Mr. Manuel Coutinho is a Canadian National of Indian Origin. He is a seasoned result oriented management professional with over 20 years of successful experience in the fields of design engineering, manufacturing, purchasing, distribution, international sales, marketing and general management.

Before he arrived in India, he was working as the Managing Director of Singer Sewing Machine Co. of Canada Ltd., Montreal, Canada.

The Board of Directors of the Company recommend to the shareholders in the 19th Annual General Meeting the appointment of Mr. Manuel Coutinho as a Director of the Company.

SINGER INDIA LIMITED**ANNUAL REPORT 1996-97****NOTICE (Contd.)**

Mr. Manuel Coutinho, the proposed Director of the Company is concerned or interested in the resolution. No other director is concerned or interested in the said Resolution.

ITEM NO. 13

At a meeting of the Board of Directors held on 25th October, 1996, Mr. Rajiv Sud was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 read with Article 120 of the Articles of Association of the Company. He holds office upto the date of the 19th Annual General Meeting. A notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956 alongwith the requisite deposit proposing Mr. Rajiv Sud as a candidate for the office of Director.

Mr. Rajiv Sud is a Fellow Member of the Institute of Chartered Accountants of India and also a member of the American Institute of Certified Public Accountants (AICPA). He has vast experience of 20 years in the fields of finance, sales, distribution, marketing and general management.

Before his arrival in India, he was working as the Controller, Africa & Middle East Region of The Singer Co. N.V.

The Board of Directors of the Company recommend to the shareholders in the 19th Annual General Meeting the appointment of Mr. Rajiv Sud as a Director of the Company.

Mr. Rajiv Sud, the proposed Director of the Company is concerned or interested in the resolution. No other director is concerned or interested in the said Resolution.

ITEM NO. 14

At a meeting of the Board of Directors held on 8th February, 1996, Mr. Rajiv Bhatnagar was appointed as a Director to fill the casual vacancy caused by the resignation of Mr. S. B. Mohapatra pursuant to Section 262 of the Companies Act, 1956 read with Article 121 of the Articles of Association of the Company. He holds office upto the date of the 19th Annual General Meeting. A notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956 alongwith the requisite deposit proposing Mr. Rajiv Bhatnagar as a candidate for the office of Director.

Mr. Rajiv Bhatnagar is employed as Senior Executive Director with The National Small Industries Corporation Ltd., New Delhi which is a Central Government Enterprise and which is holding 26% equity shares of the Company. He has a rich and wide experience and therefore, the Board of Directors recommend to the shareholders in the 19th Annual General Meeting the appointment of Mr. Rajiv Bhatnagar as a Director of the Company.

Mr. Rajiv Bhatnagar, the proposed Director of the Company is concerned or interested in the resolution. No other director is concerned or interested in the said Resolution.

ITEM NO. 15

At a meeting of the Board of Directors held on 25th October,

1996, Mr. Brahm Dutt was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 read with Article 120 of the Articles of Association of the Company. He holds office upto the date of the 19th Annual General Meeting. A notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956 alongwith the requisite deposit proposing Mr. Brahm Dutt as a candidate for the office of Director.

Mr. Brahm Dutt is employed as Joint Secretary with Ministry of Industry, Udyog Bhawan, New Delhi. He is associated with numerous professional and government organisations and has wide and varied experience. It is in the interest of the Company to appoint him as a Director of the Company and therefore, the Board of Directors recommend adoption of the resolution under item No. 15.

Mr. Brahm Dutt, the proposed Director of the Company is concerned or interested in the resolution. No other director is concerned or interested in the said Resolution.

ITEM NO. 16

The Board of Directors of the Company recommend to the Shareholders in the 19th Annual General Meeting the appointment of Mr. James Yuan as a Director of the Company. A notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956 alongwith the requisite deposit proposing Mr. James Yuan as a candidate for the office of Director.

Mr. James Yuan is the Sr. Vice President of Singer and is currently based at Shanghai. He has rich experience in the business and industry in which your Company is dealing in and it is in the interest of the Company to appoint him as a Director of the Company and therefore, the Board of Directors recommend adoption of the resolution under item No. 16.

Mr. James Yuan, the proposed Director of the Company is concerned or interested in the resolution. No other director is concerned or interested in the said Resolution.

ITEM NO. 17

The Board of Directors of the Company recommend to the Shareholders in the 19th Annual General Meeting the appointment of Mr. R.S. Turnbull as a Director of the Company. A notice in writing has been received from a member pursuant to Section 257 of the Companies Act, 1956 alongwith the requisite deposit proposing Mr. R.S. Turnbull as a candidate for the office of Director.

Mr. R.S. Turnbull is the Regional Vice President- Asian Manufacturing, of Singer and is currently based at Hongkong. He has rich experience in the fields of sewing machine manufacturing and it is in the interest of the Company to appoint him as a Director of the Company and therefore, the Board of Directors recommend adoption of the resolution under item No. 17.

SINGER INDIA LIMITED**ANNUAL REPORT 1996-97****NOTICE (Contd.)**

Mr. R.S. Turnbull, the proposed Director of the Company is concerned or interested in the resolution. No other director is concerned or interested in the said Resolution.

ITEM NO. 18

Mr. K. K. Gupta resigned as the Managing Director of the Company effective closing hours of 31st December, 1996. As per the Company's rules, Mr. Gupta was entitled to encash accumulated Privilege Leave. Accordingly, the Company had paid Rs.3,01,370 (Rupees Three lacs one thousand three hundred seventy only), subject to deduction of tax at source to Mr. Gupta on account of leave encashment for 275 days Privilege Leave standing to his credit immediately after his cessation as the Managing Director of the Company.

Since the encashment of Privilege Leave tantamounts to remuneration within the meaning of Section 198 of the Companies Act, 1956, the members' approval is sought for the said payment effected.

It is clarified that the encashment of Privilege Leave, as aforesaid, together with other remuneration drawn by the Whole-time Directors, would be within the ceiling of 5% of net profit of the Company where there was one Managing Director/Whole-time Director and 10% of such net profit for all such managerial personnel taken together in the relevant financial year.

No Director is interested or concerned in the said Resolution except Mr. K. K. Gupta for the period he remained in the office of Director.

ITEM NO. 19

Mr. Tarun K. Gupta, Finance Director of the Company expired on 19th May, 1997. As per the rules of the Company, Mr. Gupta was entitled to encash accumulated Privilege Leave at the time of his cessation. As on the closing hours of 18th May, 1997, Mr. Gupta had accumulated 85 days Privilege Leave to his credit. The encashment thereof, will now be payable to Mr. Gupta's estate. Accordingly, the Company has provided Rs.85,708 (Rupees eighty five thousand seven hundred eight only) in the accounts for the financial year ended 31st March, 1997.

Since the encashment of Privilege Leave tantamounts to remuneration within the meaning of Section 198 of the Companies Act, 1956, the members' approval is sought for effecting the said payment.

It is clarified that the encashment of Privilege Leave, as aforesaid, together with other remuneration drawn by the Whole-time Directors, would be within the ceiling of 5% of net profit of the Company where there was one Managing Director/Whole-time Director and 10% of such net profit for all such managerial personnel taken together in the relevant financial year.

No Director is interested or concerned in the said Resolution except Mr. Tarun K. Gupta for the period he remained in the office of Director.

ITEMS NO. 20 and 22

- A) The Board of Directors in their meetings held on 23.12.96 and 21.3.97 had appointed Mr. Manuel Coutinho as the Whole-time Director of the Company effective 11th March, 1997 until the conclusion of the forthcoming Annual General Meeting. He was designated as the Joint Managing Director. The said appointment was subject to members' approval in a general meeting.

Since he was not considered to be resident in India in view of explanation to Clause 1(e) of Part I of the Schedule XIII to the Companies Act, 1956, his approval as the Whole-time Director was also subject to the approval of the Central Government. The Central Government had accorded its approval to the appointment and remuneration of Mr. Manuel Coutinho as the Joint Managing Director.

The Board of Directors of the Company recommend to the Shareholders in the 19th Annual General Meeting the appointment of Mr. Manuel Coutinho as the Joint Managing Director as aforesaid. The terms of appointment including remuneration payable to Mr. Manuel Coutinho as the Joint Managing Director are given in part (B) below.

- B) Mr. Manuel Coutinho retires from the conclusion of the 19th Annual General Meeting. His appointment and terms of appointment including remuneration payable to him as the Joint Managing Director of the Company require a fresh approval. The Board of Directors in their meeting held on 5th August, 1997 appointed Mr. Manuel Coutinho as the Whole-time Director of the Company for a fresh tenure of three years effective conclusion of the 19th Annual General Meeting i.e. from 19th September, 1997 to 18th September, 2000 on the existing terms and conditions. He was designated as the Joint Managing Director. The said appointment is subject to approval of the Shareholders and the Central Government.

Mr. Coutinho, being eligible, offers himself for seeking re-appointment at the 19th Annual General Meeting for a fresh tenure of three years.

Since Mr. Manuel Coutinho has been staying in India for a continuous period of less than 12 months immediately preceding the date of appointment, he may not be considered as resident in India and thus approval of the Central Government is required for his appointment and terms of remuneration.

The terms and conditions including terms of remuneration, which are otherwise in accordance with the provisions of Schedule XIII of the Companies Act, 1956 in respect of such appointment, both for the periods 11th March, 1997 upto the conclusion of the 19th Annual General Meeting