

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

# THE TATA POWER COMPANY LIMITED

Report  junction.com

79TH ANNUAL REPORT 1997-98



## THE TATA POWER COMPANY LIMITED

### SEVENTY-NINTH ANNUAL REPORT 1997-98

#### ANNUAL GENERAL MEETING

*On Friday, 31st July, 1998,  
at Patkar Hall at 3.00 p.m.*

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

#### CONTENTS

	Page
Notice .. .. .	2-6
Explanatory Statements .. .. .	6-9
Directors' Report .. .. .	10-14
Annexure I to the Directors' Report .. .. .	15
Annexure II to the Directors' Report .. .. .	16-20
Shareholders' Value Addition .. .. .	21
Financial Statistics .. .. .	22
Distribution of Shares .. .. .	22
Auditors' Report .. .. .	23
Annexure to the Auditors' Report .. .. .	24-25
Balance Sheet .. .. .	26
Profit and Loss Account .. .. .	27
Schedules "A" to "I" forming part of the Balance Sheet .. .. .	28-36
Schedules "1" to "5" forming part of the Profit and Loss Account .. .. .	37-40
Notes forming part of the Accounts .. .. .	41-46
Balance Sheet Abstract and Company's General Business Profile .. .. .	47
Cash Flow Statement .. .. .	48

#### BOARD OF DIRECTORS

*(as on 19th June, 1998)*

**H. N. Sethna** *(Chairman)*  
**R. N. Tata** *(Deputy Chairman)*  
**Dr. S. Ganguly** *(Vice-Chairman)*  
**S. R. Vakil**  
**D. G. Mehra** *(Whole-time Director)*  
**A. J. Engineer** *(Whole-time Director)*  
**R. Thothadri**  
**C. P. Mistry**  
**Syamal Gupta**

#### SECRETARY

**S. K. Ghiya**

#### REGISTERED OFFICE

**Bombay House,  
24, Homi Mody Street,  
Mumbai 400 001.**

#### SHARE REGISTRARS

##### TATA SHARE REGISTRY LIMITED

**Army & Navy Building,  
148, M. G. Road,  
Mumbai 400 001** } **For transfer of securities**

and

**'Shalaka', 1st Floor,  
Near Cooperage  
Telephone Exchange,  
Maharshi Karve Road,  
Mumbai 400 021.** } **For correspondence**

#### BANKERS

**State Bank of India**  
**Citibank N.A.**  
**ANZ Grindlays Bank**

#### SOLICITORS

**Mulla & Mulla and Craigie, Blunt & Caroe**  
**S. R. Vakil**

#### AUDITORS

**A. F. Ferguson and Company,**  
*Chartered Accountants.*

**S. B. Billimoria and Company,**  
*Chartered Accountants.*

## NOTICE

The SEVENTY-NINTH ANNUAL GENERAL MEETING of THE TATA POWER COMPANY LIMITED will be held on Friday, the 31st day of July, 1998 at 3.00 p.m. at Sir Sitaram & Lady Shantabai Patkar Convocation Hall (Patkar Hall) of the S.N.D.T. Women's University at Sir Vithaldas Thackersey Marg, Mumbai 400 020, to transact the following business:-

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date.
2. To declare a dividend on Equity Shares.
3. **Appointment of Dr S Ganguly as a Director**  
To appoint a Director in place of Dr S Ganguly, who was appointed a Director of the Company pursuant to Article 131 of the Articles of Association of the Company to fill the casual vacancy on the Board caused by the death of Mr M S Patwardhan and who, pursuant to Section 262 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, under Section 257 of the Act.
4. **Appointment of Mr Syamal Gupta as a Director**  
To appoint a Director in place of Mr Syamal Gupta, who was appointed a Director of the Company pursuant to Article 131 of the Articles of Association of the Company to fill the casual vacancy on the Board caused by the resignation of Mr K M Gherda and who, pursuant to Section 262 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, under Section 257 of the Act.
5. **Re-appointment of Mr D G Mehra as a Whole-time Director**  
To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-  
"RESOLVED that, in accordance with the provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the re-appointment and terms of remuneration of Mr D G Mehra, Whole-time Director of the Company, for a period of three years with effect from 1st January, 1998, upon the terms and conditions set out in the draft Agreement submitted to this meeting and initialled by a Director for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Mr Mehra."
6. **Revision in terms of remuneration of the Whole-time Director**  
To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-  
"RESOLVED that in modification of Resolution No. 6 passed at the Annual General Meeting of the Company held on 20th August, 1996 regarding the remuneration of Mr A J Engineer and in accordance with the provisions of Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the change in the salary scale applicable to Mr Engineer with authority to the Board of Directors to fix his salary within this scale, increasing thereby, proportionately, all benefits related to the quantum of salary, with effect from 1st April, 1998, for the remainder of the tenure of the contract, as set out in the draft Supplemental Agreement submitted to this meeting and initialled by a Director for the purpose of identification, which Supplemental Agreement is hereby specifically sanctioned."
7. **Amendments to the Articles of Association**  
To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-  
"RESOLVED that, pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:  
A) Insert the following Article as Article 12A after Article 12:  
'Buy-back of Shares 12A Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, if and when thought fit, buy

back such of the Company's own shares or securities as it may decide, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by law.'

B) Insert the following Article as Article 16A after Article 16:

**'Issue of Shares without voting rights 16A** In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such shares upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.'

C) Insert the following Heading and Article as Article 71A after Article 71:

#### 'DEMATERIALISATION OF SECURITIES

**Definitions 71A (1)** For the purpose of this Article:-

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities and Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

**Dematerialisation of Securities (2)** Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

**Options for investors (3)** Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and, on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

**Securities in Depositories to be in fungible form (4)** All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

**Rights of Depositories and Beneficial Owners (5) (a)** Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

**Service of Documents (6)** Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities	(7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
Allotment of Securities dealt with by a Depository	(8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
Distinctive numbers of Securities held in a Depository	(9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in a depository.
Register and Index of Beneficial Owners	(10) The Register and Index of Beneficial Owners, maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.' "

#### 8. **Buy-Back of Shares/Securities**

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

"RESOLVED that, if and when permitted by the law and subject to all applicable provisions of the law including modifications, re-enactments or promulgation of an ordinance and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board to purchase such number of Equity Shares or other securities specified by the Government, of the Company, as may be thought fit, from the holders of the Equity Shares or other securities of the Company in such proportion and manner as may be permitted by law, not exceeding such percentage of the capital of the Company as may be permitted by the law, from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the Company, on such terms and subject to such conditions as may be prescribed by the law.

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Equity Shares or other securities.

"RESOLVED FURTHER that nothing hereinabove contained shall confer any right on any shareholder to offer or any obligation on the Company or the Board to buy-back any Equity Shares or securities."

#### 9. **Employees' Stock Option Scheme**

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

"RESOLVED that, in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall also include a Committee thereof) or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue, allocate or allot, in one or more tranches, to such persons who are, in the sole discretion of the Board, in the permanent employment of the Company and to the Managing/ Whole-time Directors of the Company, such number of Equity Shares of the Company of the face value of Rs.10/- each, not exceeding such percentage of the capital of the Company as may be permitted by law, of the Subscribed Equity Shares of the Company at that time, as the Board may deem fit, for subscription for cash or allocated as an option to subscribe, on such terms and at such price as may be fixed and determined



by the Board prior to the issue and offer thereof in accordance with the applicable guidelines and provisions of law and otherwise ranking *pari passu* with the Equity Shares of the Company as then issued and in existence and on such other terms and conditions and at such time or times as the Board may, in its absolute discretion and in the best interest of the Company, deem fit; Provided that the aforesaid issue of Equity Shares may instead be in the form of fully or partly Convertible Debentures, Bonds, Warrants or other securities as may be permitted by law, from time to time.

"RESOLVED FURTHER that the Board be and is hereby authorised to issue, allocate and allot such number of Equity Shares as may be required in pursuance of the above issue, and that the Equity Shares so issued, allocated or allotted shall rank in all respects *pari passu* with the existing Equity Shares of the Company save and except that such Equity Shares which may be with or without voting rights, if permitted by law, shall carry the right to receive either the full dividend or a *pro rata* dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Shares shall become effective.

"RESOLVED FURTHER that the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the abovementioned securities to be issued by the creation of mortgages and/or charges on all or any of the Company's immovable and/or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

"RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith including the creation of mortgages and/or charges and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the Issue."

#### 10. **Appointment of Auditors**

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

"RESOLVED that Messrs. A F Ferguson & Company and Messrs. S B Billimoria & Company be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to examine and audit the accounts of the Company at Mumbai and the Divisions for the financial year 1998-99 on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors plus travelling and out-of-pocket expenses."

#### 11. **Appointment of Branch Auditors**

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

"RESOLVED that the Board of Directors be and is hereby authorised to appoint the Company's Auditors and/or in consultation with the Company's Auditors any person or persons qualified for appointment as Auditor or Auditors of the Company under Section 226 of the Companies Act, 1956 so far as Branch Offices in India are concerned, or an accountant or accountants duly qualified to act as Auditor or Auditors of the Branch Offices of the Company situated in countries outside India, in accordance with the laws of the country in which the Branch Offices of the Company are situate, to audit the accounts for the financial year 1998-99 of the Company's Branch Offices in India and abroad respectively and to fix their remuneration (which in the case of the Company's Auditors shall be in addition to their remuneration as the Company's Auditors) and the terms and conditions on which they shall carry out the audits."

- NOTES:**
- (a) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in regard to the business as set out in Item Nos. 3 to 11 above, are annexed hereto.
  - (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
  - (c) The Register of Members and the Transfer Books of the Company will remain closed from 9th July, 1998 to 20th July, 1998, both days inclusive.
  - (d) Dividend, if declared, will be paid to those members whose names appear on the Company's Register of Members on 20th July, 1998. Dividend will be paid on or after Saturday, 1st August, 1998.

## THE TATA POWER COMPANY LIMITED

- (e) Members are requested to notify immediately any change in their addresses including PIN CODE and/or the Bank mandate details to the Company's Registrars and Share Transfer Agents at the address given below:

Tata Share Registry Limited  
(Unit : Tata Power)  
"Shalaka", 1st Floor,  
Near Cooperage Telephone Exchange,  
Maharshi Karve Road, Mumbai 400 021.

By Order of the Board of Directors,  
H N SETHNA  
Chairman

Mumbai, 19th June, 1998.

**Registered Office :**  
Bombay House,  
24, Homi Mody Street,  
Mumbai 400 001.

## EXPLANATORY STATEMENTS

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statements set out all material facts relating to the business mentioned under Item Nos. 3 to 11 of the accompanying Notice dated 19th June, 1998.

**Item No. 3 :** Dr S Ganguly was appointed a Director on 24th June, 1996 by the Board of Directors of the Company under Article 131 of the Company's Articles of Association, to fill the casual vacancy on the Board caused by the death of Mr M S Patwardhan. Pursuant to Section 262 of the Companies Act, 1956, Dr Ganguly holds office upto the date upto which Mr Patwardhan would have held office viz. upto the date of the forthcoming Annual General Meeting. Dr Ganguly is the Vice-Chairman of The Associated Cement Companies Ltd. He is also on the Board of several other companies and has long and valuable business experience. The Board considers it desirable that the Company should receive the benefit of his valuable experience and advice and commends his appointment.

**Item No. 4 :** Mr Syamal Gupta was appointed a Director on 10<sup>th</sup> February, 1998 by the Board of Directors of the Company under Article 131 of the Company's Articles of Association, to fill the casual vacancy on the Board caused by the resignation of Mr K M Gherda. Pursuant to Section 262 of the Companies Act, 1956, Mr Gupta holds office upto the date upto which Mr Gherda would have held office viz. upto the date of the forthcoming Annual General Meeting. Mr Gupta is Vice-Chairman and Managing Director of Tata International Limited (formerly Tata Exports Limited). He is also on the Board of several other companies and has long and valuable business experience. The Board considers it desirable that the Company should receive the benefit of his valuable experience and advice and commends his appointment.

**Item No.5 :** The Board of Directors has, at its meeting held on 19th December, 1997, re-appointed Mr D G Mehra as a Whole-time Director of the Company with effect from 1st January, 1998 subject to the approval of the shareholders in General Meeting. The re-appointment of Mr Mehra was made in the scale of Rs. 20,000 ... Rs. 60,000.

The Board of Directors, subsequently, at its meeting held on 19th June, 1998, revised the aforesaid salary scale to Rs. 20,000 ... Rs. 1,50,000 effective 1st April, 1998.

Mr Mehra has been with the Tata Electric Companies for about 40 years. He has long experience of the working of Thermal and Hydro Generating Stations, Transmission and Distribution System, Receiving Stations and several departments of the Companies, having held charge thereof during the said period. As shareholders are aware, at the Extraordinary General Meeting of the Company held on 21st May, 1993, Mr Mehra's appointment as a Whole-time Director of the Company was approved for a period of five years from 1st January, 1993, on the expiry whereof he was re-appointed.

The draft Agreement between the Company and Mr Mehra contains the following main terms and conditions:-

1. Period Three years from 1st January, 1998.
2. Remuneration A salary scale of Rs. 20,000... Rs. 60,000 from 1st January, 1998 to 31st March, 1998, and a salary scale of Rs. 20,000... Rs. 1,50,000 from 1st April, 1998 to 31st December, 2000, with authority to the Board to fix his salary within the abovementioned scales from time to time. The annual increments will be merit-based and take into account the Company's performance.



3. **Perquisites and (i) Allowances** In addition to the salary and commission payable, the Whole-time Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; leave travel concession for himself and his family; club fees; medical insurance and other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr Mehra; such perquisites and allowances to be restricted to 125% of the annual salary.
- (ii) For the purpose of calculating the above ceiling, the perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
4. **Commission** Such remuneration by way of commission, in addition to salary, perquisites and allowances payable, calculated with reference to the net profits of the Company for each financial year, as may be decided by the Board/Committee of Directors of the Company at the end of each such financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.

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

The remuneration and perquisites, payable to the Whole-time Director as above, shall be shared by The Tata Hydro-Electric Power Supply Company Limited, The Andhra Valley Power Supply Company Limited and The Tata Power Company Limited in the ratio of 20:30:50 respectively, as a part of the grid expenditure of the joint power grid of the three Companies.

The Whole-time Director shall, subject to the supervision and control of the Board of Directors, be entrusted with such powers and perform such duties as may, from time to time, be delegated/entrusted to him.

If, at any time, the Whole-time Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Whole-time Director in terms of the Agreement and such Agreement shall terminate forthwith.

If the Whole-time Director ceases to be a Whole-time Director, he shall cease to be a Director of the Company.

If the Whole-time Director ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.

The Whole-time Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(l) of the Companies Act, 1956.

The Whole-time Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission nor shall he, so long as he functions as such, become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company without the prior approval of the Central Government.

The Agreement may be terminated by either party giving to the other party six months' notice or the Company paying six months' salary in lieu thereof.

In compliance with the provisions of Section 309 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in General Meeting for their approval.

The draft Agreement between the Company and Mr Mehra is available for inspection by the members of the Company at its Registered Office between 11 a.m. and 1 p.m. on any working day of the Company.

**THE TATA POWER COMPANY LIMITED**

Mr Mehra is concerned or interested in the Resolution at Item No.5 of the Notice.

This may be treated as an abstract of the draft Agreement between the Company and Mr Mehra pursuant to Section 302 of the Companies Act, 1956.

**Item No. 6 :** At the Annual General Meeting of the Company held on 20th August, 1996 approval was accorded to a revision in the salary scale of Mr A J Engineer, Whole-time Director, to Rs. 20,000 ... Rs. 60,000.

As the shareholders are aware, the Government had liberalised Schedule XIII to the Companies Act, 1956 in 1994, enhancing the limits of managerial remuneration, but the Company had set for itself certain limits in this regard. The present salary scale of the Whole-time Director was based on the internal limits of the Company as framed in 1996 and as approved by the shareholders. The Board of Directors has revised the salary scale of the Whole-time Director with effect from 1st April, 1998 to Rs. 20,000 ... Rs. 1,50,000 (with proportionate increase in the value of the benefits related to salary) for the remainder of the tenure of Mr Engineer's appointment i.e. upto 31st August, 2000, with the authority to the Board to fix his salary within this scale from time to time. The annual increment will continue to be merit-based and take into account the Company's performance.

All other terms and conditions of the appointment of Mr Engineer, as approved by the shareholders, will remain unchanged. The Resolution for the change in the scale of remuneration payable to the Whole-time Director is commended for approval by the shareholders.

The draft Supplemental Agreement between the Company and Mr Engineer is available for inspection at the Registered Office of the Company between 11 a.m. and 1 p.m. on any working day of the Company.

Mr Engineer is concerned or interested in the Resolution at Item No. 6 of the Notice.

This may also be treated as an abstract of the draft Supplemental Agreement between the Company and Mr Engineer pursuant to Section 302 of the Act.

**Item No. 7 :** Article 12 of the Articles of Association of the Company prohibits the Company from buying its own shares. It is proposed to introduce a new Article 12A in the Articles of Association as set out in the Resolution at Item No.7(A) to enable the Company to purchase any of its own shares or securities, as proposed in the Resolution at Item No.7, in the event it is permissible by law.

The issue of shares without voting rights by companies is presently not permitted under the Act. The Companies Bill, 1997, however, proposes to lay down the operative provisions to regulate the issue of shares without voting rights. It is expected that, in course of time, the law will be amended to permit issue of shares without voting rights by companies. Hence, it is proposed to introduce a new Article 16A in the Articles of Association as set out in the Resolution at Item No. 7(B) to enable the Company to issue shares without voting rights, as may be permitted by law.

With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Act relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a company. It is, therefore, proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution at Item No. 7(C) to reflect the provisions introduced by the Depositories Act, 1996 for enabling the Company to join the Depository System at a future date and to spell out the rights of the beneficial owners of the securities in such a system.

The Directors commend the Resolution for acceptance by the members.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company at its Registered Office between 11 a.m. and 1 p.m. on any working day of the Company.

**Item No. 8 :** The Companies Act, 1956 presently prohibits a company from purchasing its own shares and securities. However, it is anticipated that the law may, in future, permit a company to buy back its own securities.

Subject to the buy-back of securities being legally permissible, it is proposed to enable the Company to buy back its Equity Shares or such other permissible securities, upto such extent as may be permitted by law of the paid-up capital of the Company, from the members of the Company either from the open market or from the holders of odd lots or from the holders of the Equity Shares that may be issued under the Employees' Stock Option Scheme or as