

ANNUAL REPORT
1997-98

ASHAPURA MINECHEM LIMITED







ASHAPURA MINECHEM LIMITED

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of Ashapura Minechem Limited will be held on Tuesday, the 29th of September, 1998, at 11.00 A.M. at Ashoka Hall, Arcadia, NCPA Marg, Near New Oberoi, Nariman Point, Mumbai 400 021 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors of the Company.
2. To declare a dividend on Equity Shares.
3. To appoint a director in place of Shri Ashok M. Kadakia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri B. H. Antia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.
6. To appoint Branch Auditors for Bhuj Branch, Mandvi Branch, Ler Branch and Chennai Branch in consultation with the Company's Auditors and to fix their remuneration.

SPECIAL BUSINESS :

7. Amendments to Articles of Association

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 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Articles of Association of the Company be and are hereby amended in the manner set out below: -

- (a) Delete the existing Article No.7 relating to Redeemable Preference Shares and substitute it by the following Article as Article No.7:

The Company shall have power which is delegated to the Board of Directors to issue Preference Shares, at par or at premium, cumulative or non-cumulative, convertible or non-convertible into Equity Shares with or without voting rights and which may carry such dividends, maturity periods, and other terms and conditions as may from time to time be decided by the Board of Directors and such Preference Shares shall be liable to be redeemed either in whole or in part at the discretion of the Board of Directors as per the relevant provisions set out in the Companies Act, 1956 or any statutory modification(s) or re-enactment(s) thereof for the time being in force.

- (b) Insert the following as Article 9(B) after the Article 9(A) :

Issue of Shares without
voting rights

9(B) 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."

8. Offer of Securities

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

"RESOLVED THAT in supersession of the special resolution passed at the Annual General Meeting held on 18th September, 1997 in this regard, and in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to such approvals, permissions and sanctions as may be necessary from the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) or any other appropriate authority or Financial Institutions or Banks and subject to such conditions and modifications as may be considered necessary by the Board of Directors, or as may be prescribed in granting such approvals, which may be agreed to by the Board, consent of the

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Company be and is hereby accorded to the Board of Directors (which term shall include any Committee of the Board authorised to exercise powers of the Board) of the Company to issue, offer or allot Equity Shares/ Preference Shares/Fully Convertible Debentures/Partly Convertible/Non-Convertible Debentures/Bonds or any other instruments (including shares without voting rights attached to them or global depository receipts) as may be decided by the Board of Directors, either in Rupees or in any such appropriate foreign currency as may be permitted by law for an aggregate value not exceeding Rupees 15 Crores (Rupees Fifteen Crores only) with or without attachable or detachable warrants, securities in registered or bearer forms, to the Promoters/ Directors, their Friends and Relatives and Associates/Group Companies, Members, Employees under Stock Option Scheme and/or otherwise, Non-Resident Indians, Indian Public, Overseas Corporate Bodies, International Institutions, Foreign Institutional Investors/Foreign Companies, whether incorporated or not, Indian Companies, Mutual Funds, Financial Institutions or other entities as may be allowed under applicable rules and regulations and to such persons (whether shareholders of the Company or not) by public issue, rights issue, private placements, preferential issues, bought out deals, reservations, firm commitments, employees stock option scheme or by any one or more of the above methods or by any other method permitted by law and at such time or times as the Board may think fit on such terms and conditions including the face value, premium amount, premium on conversion, number of conversions, number of tranches, exchange price for warrants/ options, rate of interest, redemption period, manner of redemption, amount of premium on redemption/ conversion, nature of security, manner of calls and other connected matters with authority to retain such over-subscription of the amount as may be permitted by law."

"RESOLVED FURTHER THAT such of these Equity Shares/Preference Shares/Fully Convertible Debentures/ Partly Convertible Debentures/Non-Convertible Debentures/ Bonds/Other Instruments as are not subscribed may be disposed by the Board in its absolute discretion in such manner as they may deem fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors including any Committee of the Board be and is hereby authorised to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilisation of the proceedings of the Equity Shares/Preference Shares/ Fully Convertible Debentures/ Partly Convertible Debentures/Non-Convertible Debentures/ Bonds/ and Other Instruments."

9. Borrowing Powers

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

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorised pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) to borrow any sum or sums of monies from time to time, which together with the sum or sums of monies already borrowed by the Company (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) does not exceed Rs.100 Crores (Rupees One Hundred Crores only) notwithstanding that such sum or sums of monies exceed the aggregate of Paid-Up Capital and free reserves of the Company."

10. Authority to create charges

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 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the consent of the Company be and is hereby granted to the Board of Directors of the Company to create mortgage(s)/charge(s) on any one or more of the undertakings of the Company including the moveable and/or immovable properties and assets of all kinds, present and future, in the form of first and/or second and/or subservient mortgage(s)/charge(s) and/or floating charge(s) to secure by one or more documents, and from time to time, in favour of the debenture trustees, who may be appointed by the Board of Directors of the Company towards issue of secured, convertible or non-convertible or partly convertible debentures, in one or more tranches on rights basis and/or on private placement basis and/or to the public under a prospectus for issue thereof as may be decided by the Board of Directors and/or in favour of financial



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institutions/banks and/or other lenders, providing/extending term loans/financial assistance, for securing repayment of such debentures/term loans/financial assistance obtained to meet the working capital requirements of the Company or the capital expenditure for the diversification/expansion programmes of the Company, of an amount not exceeding Rs.100 crores (Rupees One Hundred Crores only) together with interest thereon, further interest, if any, remuneration of the trustees for the holders of the said debentures, costs, charges, expenses and all other monies payable to the trustees for holders of the said debentures, financial institutions/banks/other lenders and incurred in terms of the issue of the said debentures and/or terms and conditions of the term loans/financial assistance obtained as aforesaid."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary and/or alter the terms and conditions of the securities and mortgages aforesaid in consultation with the debenture trustees, financial institutions/banks/other lenders as may be necessary."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to prepare, finalise and execute in favour of the said trustees for the holders of the said debentures, financial institutions/banks/other lenders the documents, writings and such other agreements, as may be necessary for creating mortgage(s) and/or charge(s) as aforesaid and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf."

11. Loans and Guarantees

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 370 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment (s) thereof for the time being in force), the Board of Directors of the Company be and is hereby authorised on such terms and conditions as the Board may think fit: -

- a) To make loans not exceeding Rs.25 Crores (Rupees Twenty Five Crores only) in aggregate outstanding at any given time to bodies corporate whether or not under the same management as the Board may decide from time to time provided that the aggregate of such loans to bodies corporate under the same management as the Company will be upto the limit(s) as prescribed from time to time of the aggregate of the subscribed capital of the Company and its free reserves and may be in excess of the said prescribed limit(s) with the prior approval of the Central Government, if required, and the aggregate of such loans to bodies corporate not under the same management as the Company will also be upto the limit(s) as prescribed from time to time of the aggregate of the subscribed capital of the Company and its free reserves and may be in excess of the said prescribed limits with the prior approval of the Central Government, if required;

and

- b) To give guarantees or provide any securities in connection with Loan(s) made or facilities given by any other person, firm to or to any other person by, any body corporate, bank, financial institution, etc., whether or not under the same management as the Company, upto a limit of Rs.25 Crores (Rupees Twenty five Crores only) at any one time outstanding."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the amount and conditions of such loans, guarantees or securities and to decide all or any other matters arising out of or incidental thereto and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf."

12. Investments in Other Bodies Corporate

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

"RESOLVED THAT pursuant to Section 372 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and subject to the prior approval of the Central Government, wherever required, the Board of Directors of the Company be and is hereby authorised to invest any sum(s) upto a limit of Rs. 20 Crores (Rupees Twenty

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Grores only) in the aggregate, as they may deem fit in the interest of the Company, by way of subscription, purchase or otherwise in equity shares, preference shares or other securities/instruments, at par or at premium in any bodies corporate, whether under the same management or not, which the Directors may deem expedient and in the interest of the Company, notwithstanding that the aforesaid investment or investments or any one or more of them together with the existing investments of the Company and of its subsidiaries, in all other bodies corporate shall be in excess of the percentages as prescribed by the Government, and as may be prescribed hereafter under the provisions of Section 372(2) of the Companies Act, 1956, and the proviso thereto (including any statutory modification(s) or re-enactment(s) thereof for the time being in force)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the actual sum or sums to be so invested and to decide all or any other matter arising out of or incidental to the proposed investments and/or disposal by sale or otherwise of such investments and to do all such acts, deeds, matters and things as may be necessary to implement this resolution."

13. De-listing of the Shares

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

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and other applicable Rules, Regulations and Acts, if any and subject to such other approvals as may be required, the Company hereby accords its consent to the Board of Directors to discontinue the Listing of the Equity Shares of the Company with effect from 1st April, 1999 on the Stock Exchanges at Ahmedabad, Delhi and Chennai (Madras)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things that may be necessary to implement this resolution."

14. Buy-Back of Shares/Securities

To consider and, if thought fit, to pass with or without modification(s), 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 modification(s), re-enactment(s) 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 by the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall include a Committee thereof) and subject to such conditions and modifications 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 and as may be thought fit by the Board, from the holders of the Equity Shares or other Securities in such proportions 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 and/or cancel and/or re-sell/re-issue the same in such manner or mode as may be permitted by law and on such terms and conditions and upto such limits as may be prescribed by law from time to time."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds 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."



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15. Employees' Stock Option Scheme

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 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) 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 Executive Chairman/ Managing Director/Whole-time Director 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 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 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 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 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to all necessary approvals to the Board to secure, if necessary, all or any of the above mentioned securities to be issued by the creation of mortgage(s) and/or charge(s) on all or any of the Company's immovable and/or moveable 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 mortgage(s) and/or charge(s) 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."

By Order of the Board of Directors

Mumbai, 30th July, 1998.
Registered Office:
Jeevan Udyog Bldg., 3rd Floor,
278, D. N. Road, Fort, Mumbai - 400 001.

D. J. Kapadia
Company Secretary

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**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 OF THE COMPANY. The instrument appointing Proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- (2) An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business as set out 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 22nd of September, 1998 to Tuesday the 29th of September, 1998 (both days inclusive), for the purpose of payment of Dividend, if declared at the above Meeting.
- (4) The Dividend, as and when sanctioned, will be paid to those Members whose names stand validly registered in the Register of Members of the Company as on 29th September, 1998.
- (5) Shareholders are requested to kindly notify the Company immediately of any change of address with the Postal Pin Code number.
- (6) The Unclaimed Dividend upto and inclusive of the accounting year 1993-94 have been transferred to the General Revenue Account of the Central Government on 5th November, 1997 pursuant to sub-section (5) of Section 205-A of the Companies Act, 1956. Those Members who have so far not claimed or collected their dividend for the said financial year may claim their dividend from the Registrar of Companies, Maharashtra, Mumbai by submitting an application in the prescribed form to the said authority.

Unclaimed dividend for the year 1994-95 will be transferred to the General Revenue Account of the Central Government by 2nd November 1998. Members, who have not encashed their dividend warrants for the said period, may please write immediately to the Company at its Registered Office.
- (7) All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
- (8) Members/Proxies should bring the Attendance Slip duly filled in and signed for attending the meeting.
- (9) The Shareholders are requested to intimate the Company immediately of the particulars of their Bank Account No. etc. to minimise chances of fraudulent encashment of the dividend warrants/cheques.
- (10) Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

As required under Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 7 to 15 of the accompanying Notice dated 30th July, 1998.

ITEM NO. 7

The existing Article 7 of the Articles of Association of the Company empowers the Company to issue preference shares which shall be cumulative and are liable to be redeemed only after the expiry of five years and on or before ten years from the date of allotment by giving three months notice and the resolution shall prescribe the manner, terms and conditions of redemption.

Considering the abolition of deduction of tax at source from dividend under the Income Tax Act and the amendment in the Companies Act, 1956 relaxing the period for redemption of Preference Shares, the Directors are of the opinion that the provisions of the existing Article 7 needs to be suitably amended incorporating therein, inter-alia, an authority to the Board of Directors as proposed in the Resolution at Item No. 7 (a) to avail at short notice medium term finances at reduced net cost of finance by way of issue of preference shares by private placement to banks, financial institutions and other lenders.



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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 due course of time, the law will be amended and/or a new law enacted to permit, inter-alia, issue of shares without voting rights by Companies. Hence, it is proposed to introduce a new Article No.9(B) in the Articles of Association of the Company 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.

None of the Directors of the Company are concerned or interested in the said resolution.

ITEM NO. 8

The Members had already passed the Special Resolution broadly similar to the Special Resolution covered under Item No. 8 of this Notice at the previous Annual General Meeting held on 18th September, 1997, according their consent as required under Section 81 of the Companies Act, 1956, to issue and allot Equity Shares, Preference Shares, NCD/ PCD/ FCD, Bonds or any other instruments to the Members or any other persons(s) other than the existing Shareholders as described in the said resolution, to meet the financial requirements in part for the Company's normal expansion schemes as well as the project(s) for development of sea-port in Kutch Dist. and for provisions of all required port facilities, etc.

In view of the depressed market conditions, the Directors had considered it prudent in the interest of the Company to postpone the proposed issue.

The validity of the said Special Resolution passed by the Members on 18th September, 1997 has expired as per the SEBI's Additional Guidelines - Preferential Allotment of Shares dated 4th August, 1994. As such, fresh consent of the Shareholders is sought to be obtained vide the Special Resolution covered under Item No. 8 of the Notice of the ensuing Annual General Meeting.

The proposed issue will, besides raising resources for the Company also enable the Board of Directors to raise for the Company at short notice, foreign funds through issue of appropriate securities including preference shares as permitted by the Government, RBI and other authorities.

All Directors may be deemed to be concerned or interested in the proposed resolution to the extent of shares or other instruments which may be allotted to them or their relatives or the concerns in which they may be interested.

Shri N. R. Shah, Shri Chetan N. Shah and Smt. Dina C. Shah may be deemed to be interested in this proposed resolution to the extent that the Public Issue, if any, made by the Company will enable them as the Promoters to achieve the dilution in their holdings.

ITEM NO. 9

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company shall not, except with the consent of the Members of the Company in a General Meeting, borrow monies (apart from temporary loans from Company's Bankers in the ordinary course of business) in excess of the aggregate of the Paid-Up Capital of the Company and its free reserves.

The Members of the Company at the Annual General Meeting held on 29th September, 1992 had authorised the Board of Directors of the Company to borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) upto Rs. 50 Crores (Rupees Fifty Crores only) notwithstanding that the same exceeds the aggregate of the Paid-Up capital of the Company and its free reserves.

In view of the Company's expansion and diversification programmes and expansion of the existing facilities and keeping future expansion in mind, it is considered necessary to approach the Members of the Company and seek their consent to revise the aforesaid limit to Rs.100 Crores (Rupees Hundred Crores only) as set out in the Resolution at item No.9 of the Notice.

None of the Directors are interested or concerned in the said resolution.

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**ITEM NO.10**

The Company would require funds to implement its various expansion and diversification programmes as well as expansion of the existing facilities. For this purpose, the Company may resort to issue of debentures, term loan borrowings and other modes of financial assistance from financial institutions/banks and other lenders.

The Members of the Company at the Annual General Meeting held on 29th September, 1992 had accorded the consent of the Company to the creation by the Board of Directors of the Company of such mortgage(s), charge(s) and/or hypothecation and other encumbrances, as the Board may deem fit, on the assets of the Company both present and future, for securing the sum or sums of monies aggregating to Rs.50 Crores (Rupees Fifty Crores only) borrowed and to be borrowed by the Company from banks, financial institutions and others. In view of the expanding volume of business of the Company, this limit is required to be raised to an amount not exceeding Rs.100/- Crores (Rupees Hundred Crores only).

Since creating mortgage(s)/charge(s) on the immovable and moveable properties as aforesaid in favour of the debentureholders or trustees for the debentureholders, financial institutions/banks/other lenders may, in certain cases, be regarded as disposal of the Company's undertakings, it is necessary to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creating the said mortgage(s)/charge(s).

The Directors recommend the resolution at Item No.10 of the Notice for approval of shareholders.

None of the Directors of the Company are concerned or interested in this item except to the extent of debentures that may be offered to them by virtue of the shares held by them in the Company or that may be taken up by them.

ITEM NO. 11

Under Section 370 of the Companies Act, 1956, no Company can make any loans to bodies corporate whether or not under the same management in excess of the prescribed limits of the aggregate of the subscribed capital of the Company and its free reserves without the prior approval of the Central Government. Further no Company shall give any guarantee or provide any security, in connection with a loan made by any other person to or any other person by any body corporate unless the giving of such guarantee or the provision of such security has been previously authorised by a special resolution of the Company.

The Shareholders had passed a resolution at the Annual General Meeting of the Company held on 29th September, 1992 authorising the Board of Directors to make loans in the excess of the prescribed limits and to give such guarantees or provide such securities upto a limit of Rs.10 Crores (Rupees Ten Crores only) outstanding at any one time. With the increase in the business activities, it has become necessary to increase the limit(s) for giving loans not exceeding Rs.25 Crores (Rupees Twenty Five Crores only) and also to revise the limit for giving guarantees to Rs.25 Crores (Rupees Twenty Five Crores only). Hence this resolution.

The Directors recommend the resolution at Item No.11 of the Notice for approval of the shareholders.

None of the Directors of the Company are interested in this resolution.

ITEM NO.12

The Members of the Company at their Extra-Ordinary General Meeting held on 12th September, 1996, have already authorised the Board of Directors of the Company to invest in excess of the maximum percentages prescribed by the Government under Section 372 of the Companies Act, 1956. However, taking into account the investments of the Company in its subsidiaries, as well as the prospects of further expansion of the Company's business in India and globally and consequent need for more investments towards establishing more companies and offices in various parts of the world, it is desirable and prudent to pass this fresh Resolution for authorising the Board of Directors of the Company to make such investments, in excess of the maximum percentages prescribed by the Government.

None of the Directors of the Company are interested in this resolution.