



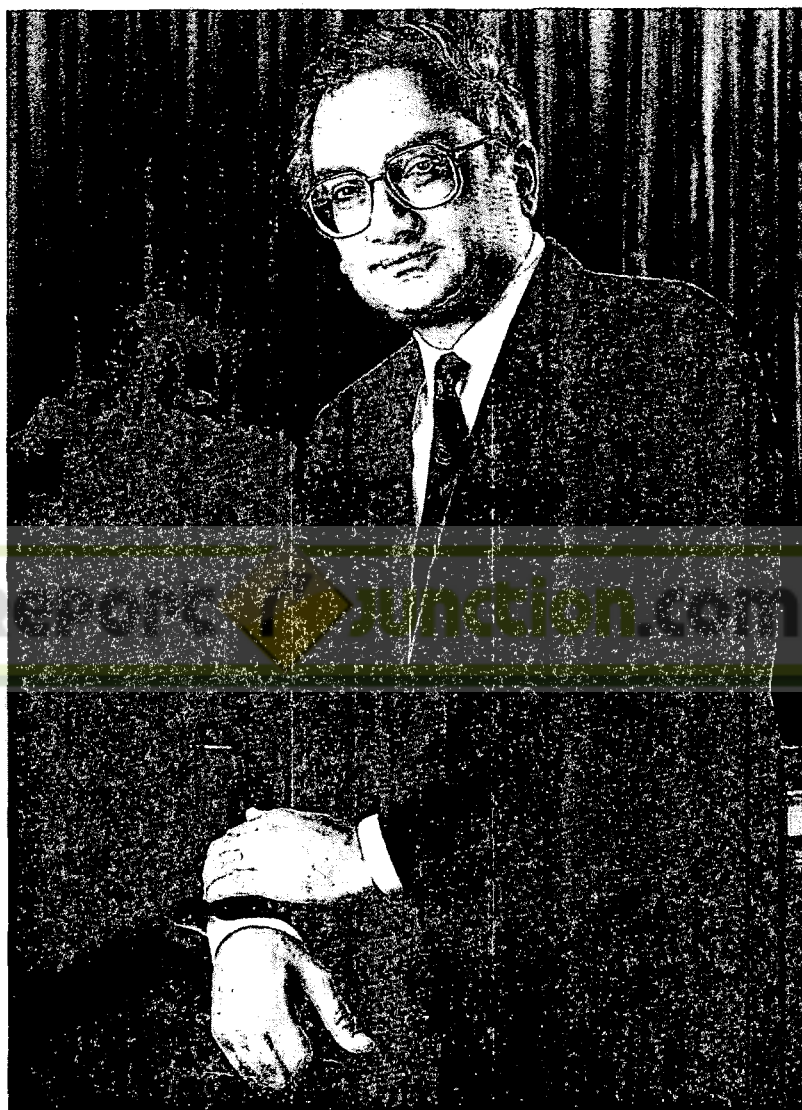
INDIAN RAYON AND INDUSTRIES LIMITED

ANNUAL REPORT
1996 - 97

MD	✓			BKC	✓
CS	✓			DEI	✓
RO	✓			FIN	✓
TRA	✓	✓		AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		



ADITYA BIRLA GROUP





NOTICE OF THE MEETING

NOTICE is hereby given that the FORTIETH Annual General Meeting of the Members of INDIAN RAYON AND INDUSTRIES LIMITED will be held at the Registered Office of the Company at VERAVAL - 362 266 (District-Junagadh), Gujarat on Tuesday, the 15th July, 1997 at 11.00 A.M. to transact, with or without modifications, as may be permissible, the following business:-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended 31st March, 1997 and the Reports of the Directors and Auditors of the Company.
2. To declare dividend on Equity Shares for the year ended 31st March, 1997.
3. To appoint a Director in place of Shri Ashwini Kumar Kanoria, who retires from office by rotation, but being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass the following resolution as a Special Resolution relating to the appointment of the Auditors of the Company:-

"RESOLVED THAT M/s. Lodha & Co., Chartered Accountants, Mumbai, M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai and M/s K.S.Aiyar & Co., Chartered Accountants, Mumbai, the retiring Auditors, be and are hereby reappointed as the Joint Statutory Auditors of the Company under Section 224A and other applicable provisions, if any, of the Companies Act, 1956 to hold the office as such from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.65,000/- (Rupees Sixty Five Thousand only) per annum to each of them, plus actual out-of-pocket expenses, as may be incurred, in the performance of their duties."

5. To consider and, if thought fit, to pass the following resolutions as Special Resolutions, relating to the appointment of the Branch Auditors of the Company:-

- i) "RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Lodha & Co., Chartered Accountants, Mumbai, the retiring Branch Auditors, be and are hereby re-appointed as Branch Auditors of the Company to audit the accounts in respect of the Company's Birla White Division, Kharia Khangar, Rajashree Cement Division, Malkhed, Hi-Tech Carbon Division, Renukoot, Global Exports & Marketing Division, Calcutta, Rajashree Gases Division, Jagdishpur and Birla Periclase Division, Vizag and to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.8,30,000/-(Rupees Eight Lac Thirty Thousand only) per annum for all the aforesaid six divisions, plus actual out-of-pocket

expenses, as may be incurred, in the performance of their duties."

- ii) "RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai and M/s. K.S.Aiyar & Co., Chartered Accountants, Mumbai, the retiring Branch Auditors, be and are hereby reappointed as the Joint Branch Auditors of the Company to audit the accounts in respect of the Company's Rayon Division at Veraval, and to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.1,25,000/- (Rupees One Lac Twenty Five Thousand only) per annum to each of them, plus actual out-of-pocket expenses, as may be incurred, in the performance of their duties."

- iii) "RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, M/s. S.R.Batliboi & Co., Chartered Accountants, Calcutta, the retiring Branch Auditors, be and are hereby reappointed as Branch Auditors of the Company to audit the accounts in respect of the Company's Jayashree Textiles Division, Rishra, Jayashree Insulators Division, Rishra and Rajashree Syntex Division, Midnapur and to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.2,27,000/- (Rupees Two Lac Twenty Seven Thousand only) per annum for all the aforesaid three divisions, plus actual out-of-pocket expenses, as may be incurred, in the performance of their duties."

- iv) "RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, M/s Khimji Kunverji & Co., Chartered Accountants, Mumbai, the retiring Branch Auditors, be and are hereby reappointed as Branch Auditors of the Company to audit the accounts in respect of the Company's Jayashree Insulators Division, Halol and to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.68,000/- (Rupees Sixty Eight Thousand only) per annum, plus actual out-of-pocket expenses, as may be incurred, in the performance of their duties."

SPECIAL BUSINESS

6. To appoint a Director in place of Smt. Rajashree Birla, who was appointed by the Board under Section 262 of the Companies Act, 1956 and Article 99 of the Articles of Association of the Company as a Director to fill in the casual vacancy on the Board caused by the sad demise of Shri



Aditya Vikram Birla, and who holds office under the provisions of the said Article and the Section, upto the date of this Annual General Meeting and in respect of whom the Company has received notices in writing, along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 from some members signifying their intention to propose Smt.Rajashree Birla as a candidate for the office of Director and in that behalf to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the relevant provisions of the Articles of Association of the Company and of the Companies Act, 1956, Smt. Rajashree Birla, be and is hereby elected and appointed as a Director of the Company, liable to retirement by rotation".

7. To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded:-

A) to the Board of Directors of the Company for mortgaging and/or charging on such terms and conditions, at such time or times and in such form and manner and with such ranking as to priority as it may think fit, the whole or substantially the whole of the Company's any one or more undertakings or all the undertakings, including the present and/or future properties, whether movable or immovable, comprised in any undertaking or undertakings of the Company as the case may be, in favour of The Industrial Credit and Investment Corporation of India Limited (ICICI) (the Debenture Trustees), the Debenture Trustees for the holders of the 18th Series Secured Redeemable Non Convertible Debentures of the aggregate nominal value of Rs.40 Crores (Rupees Forty Crores) privately placed/ to be placed in accordance with the relevant statutory provisions and the guidelines issued thereunder (hereinafter called "the Debentures") with power to the Debenture Trustees to take over the management of the business and concern of the Company in certain events and upon the other terms and conditions decided/to be decided upon by the Board of Directors of the Company, together with interest thereon, additional interest, cumulative interest, liquidated damages, remuneration of Debenture Trustees, premium, if any, on redemption/prepayment, costs, charges, expenses and all other moneys payable by the Company to the Debenture Trustees and to the holders of the debentures in terms of the issue of the said debentures.

B) to the Board of Directors of the Company for finalising and executing the Trust Deed and/or other deeds, documents and agreements and to do all such acts,

deeds and things and to take all such further steps as may, in the opinion of the Board of Directors, be necessary or expedient for giving effect to this resolution."

8. To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT in partial modification of Resolution No.8 and Resolution No.7 passed by the members of the Company at the Annual General Meetings held on 30th November, 1992 and 1st August, 1996, respectively, and pursuant to the provisions of Sections 198, 269 and 387 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII thereof as amended upto date, consent of the Company be and is hereby accorded to the increase in the monthly salary of Shri G.L.Moondra, Manager of the Company, as under:

w.e.f. 1.1.1996 from Rs.52,800 p.m. to Rs.66,300p.m.; & w.e.f. 1.1.1997 from Rs.66,300p.m. to Rs.79,800 p.m.

which increases are within the limits prescribed in Schedule XIII of the said Act, the other terms of remuneration including perquisites, remaining the same as were last approved at the Annual General Meeting of the Company held on 30th November, 1992."

9. To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 387 read with Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals, as may be necessary, the Company hereby approves the reappointment of Shri G.L.Moondra as the Manager of the Company for a further period of 5 (five) years with effect from 1st October, 1997, with liberty to either party to terminate the appointment on three months notice in writing to the other, upon the revised terms of remuneration as set out hereunder, with power to the Board of Directors of the Company to revise the terms of remuneration from time to time as they may deem fit in the best interest of the Company, but so as not to exceed the maximum limit in that behalf prescribed in the said Schedule-XIII for the time being in force.

(a) Salary - Rs.79,800 (Rupees Seventy Nine Thousand Eight Hundred) per month with effect from 1st October, 1997 with such annual increments as the Board may decide from time to time within the overall limits prescribed by Schedule-XIII to the Act.

(b) Perquisites as follows:-

(i) a) Free furnished accommodation along with benefits of gas, water, electricity etc. as also maintenance of Company's owned/hired/

leased accommodation, subject to a ceiling of 10% of the salary of the Manager.

- b) In case no accommodation is provided by the Company, the Manager shall be entitled to House Rent Allowance subject to the ceiling of 60% of the monthly salary of the Manager.
- (ii) Reimbursement of Medical Expenses incurred for the Manager and his family (wife, dependent children and parents), subject to the ceiling of one month's salary in a year or three months' salary over a period of three years.
- (iii) Leave Travel Assistance for the Manager and his family as aforesaid, once in a year in accordance with the Rules for the time being of the Company.
- (iv) Fees of clubs subject to a maximum of two clubs.
- (v) Personal Accident Insurance as per the Company's Group Personal Accident Insurance Scheme.
- (vi) Leave and encashment of leave at the end of the tenure in accordance with the Rules specified by the Company.
- (vii) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules specified by the Company.
- (viii) Gratuity as per the Rules of the Company.
- (ix) Car for use on Company's business and telephone at residence.
- (x) Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company.

Provided that when in any financial year, the Company has no profits or its profits are inadequate, the remuneration including perquisites will be paid to the Manager in accordance with the provisions of the said Schedule-XIII and will be adjusted appropriately.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient to give effect to the above Resolution."

10. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:-

"RESOLVED THAT supplemental to the resolution passed at the Annual General Meeting of the Company held on 30th September, 1988 and in accordance with the provisions of Section 370 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to all such approvals as may be necessary in that

behalf (including any modifications, amendments or conditions prescribed therein), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (the Board) to give on behalf of the Company any guarantee and provide any security, including by way of pledge of shares held by the Company in any other body corporate, in connection with any loan or loans made by any other person to, or to any other person by, any body corporate from time to time and on such terms and conditions as the Board may think fit and proper.

Provided that the value of such guarantees given or securities provided shall not exceed a sum of Rs.100 (one hundred) crores in each case of guarantee given or security provided.

Provided further that the aggregate of such guarantees given or securities provided shall not exceed 20% of the subscribed capital and free reserves of the Company.

"RESOLVED further that the Company doth hereby ratify, confirm and approve the guarantees/securities made/given in the manner aforesaid by the Board of Directors from time to time and to settle any question or doubt that may arise in relation thereto and to do all such acts and things as may be necessary or desirable to implement this resolution or otherwise considered by the Board to be in the best interest of the Company."

11. To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.75,00,00,000 (Rupees Seventy Five Crores) divided into 7,10,00,000 (Seven Crores Ten Lacs) Equity Shares of Rs.10 each and 4,00,000 (Four Lacs) Redeemable Preference Shares of Rs.100 each to Rs.100,00,00,000 (Rupees One Hundred Crores) divided into 8,50,00,000 (Eight Crores Fifty Lacs) Equity Shares of Rs.10 each and 15,00,000 (Fifteen Lacs) Redeemable Preference Shares of Rs.100 each by the creation of 1,40,00,000 (One Crore Forty Lacs) new Equity Shares of Rs.10 each and 11,00,000 (Eleven Lacs) new Redeemable Preference Shares of Rs.100 each and the relevant Capital Clauses in the Memorandum of Association and in the Articles of Association of the Company, be and do stand altered accordingly and as also resolved upon by the succeeding resolutions to be proposed at this meeting."

12. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED that on the Resolution at Item No.11 being duly passed and becoming effective, the existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and substituted by the following:-



- V. The Authorised Share Capital of the Company is Rs.100,00,00,000 (Rupees One Hundred Crores) divided into 8,50,00,000 (Eight Crores Fifty Lacs) Equity Shares of Rs.10 each and 15,00,000 (Fifteen Lacs) Redeemable Preference Shares of Rs.100 each, with power to the Company to increase or reduce the capital and to divide the shares in the Capital for the time being into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, enlarge or abrogate any such rights, privileges or conditions in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company."
13. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:
- "RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, on the Resolution No.11 being duly passed and becoming effective, the existing Article 5(a) of the Articles of Association of the Company be and is hereby deleted and substituted by the following:-
- 5(a) The Authorised Share Capital of the Company is Rs.100,00,00,000 (Rupees One Hundred Crores) divided into 8,50,00,000 (Eight Crores Fifty Lacs) Equity Shares of Rs.10 each and 15,00,000 (Fifteen Lacs) Redeemable Preference Shares of Rs.100 each, with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in these presents and with power to the Company to increase or reduce the capital and to divide the shares in the capital for the time being into several classes (being those specified in the Companies Act, 1956) and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, enlarge or abrogate any such rights, privileges or conditions in such manner as may be permitted by the said Act or provided by these Articles of Association of the Company."
14. To consider, and if thought fit, to pass the following Resolution as an Ordinary Resolution:-
- "RESOLVED that subject to the compliance of the applicable guidelines issued by the Securities and Exchange Board of India (SEBI), under the SEBI Act, 1992 and the provisions of the Articles of Association of the Company, a sum of Rs.1,11,76,645/- representing the Capital Reserve, Rs.1,24,02,400/-representing the Capital Redemption Reserve and a sum not exceeding Rs. 20,16,23,415/- representing a portion of Share Premium Account of the Company as on 31st March 1997, in all aggregating to Rs.22,52,02,460/- be and the same is hereby capitalised and set free for distribution among the holders of the existing Equity Shares of the Company, whose names appear on the Register of Members of the Company on such date as may be fixed by the Board of Directors of the Company (including any Committee thereof) in that behalf and to the person(s) entitled to the rights FCDs and NCDs with Detachable Warrants offered pursuant to the Letter of Offer dated 26th August, 1993 which have been kept in abeyance and are pending allotment, pursuant to Section 206A of the Companies Act, 1956 and/or with respect of Shares attached under Section 3 of the Special Court (Trial of offences relating to transactions in Securities) Act, 1992 on the footing that such Members/Persons would become entitled thereto as Capital and not as income by paying up on their behalf in full not exceeding 22520246 Equity shares of Rs.10/- each, at par, out of the unissued Capital of the Company, to be allotted and distributed to them as fully paid-up Bonus shares in the proportion of One Bonus Equity Share for every existing two Equity Shares held by them and that the Bonus Shares so distributed shall be treated for all purposes as an increase of the Nominal amount of the equity capital of the Company, held by each such Member/Person and not as income and that such Bonus Shares shall be issued upon and subject to the following terms and conditions:
- They shall be subject to the Memorandum and Articles of Association of the Company and shall subject thereto, rank for dividend and in all other respects pari-passu with the existing Equity Shares except that they shall not be entitled to participate in any dividend declared or to be declared for the Financial Year of the Company prior to the Financial Year in which the Shares are allotted.
 - That no fractional Certificates shall be issued to the Members/Persons in respect of their respective fractional entitlements on Bonus Equity Shares but all the fractions remaining after allotment of the Bonus Equity Shares as aforesaid shall be consolidated into full Bonus Shares which shall be allotted at the discretion of the Directors to any person or persons (including any one or more of the employees of the Company), in trust for the benefit of those Members/Persons who are entitled to the fractional entitlements of Bonus Equity Shares, for the purpose of selling such consolidated Full Bonus Equity Shares as soon as possible in the market and that the net sale proceeds of such consolidated Full Bonus Equity Shares after deducting therefrom the costs, charges and expenses of sale, shall be divided and distributed to the extent permissible, proportionately amongst those Members/

Persons who would be entitled to fractional entitlements of such Full Bonus Equity Shares.

- (c) The Members/Persons to whom Bonus Equity Shares are allotted as above and/or who are paid their respective Shares in the Net Sale Proceeds in respect of any fraction(s) of Bonus Equity Shares to which they may be entitled, shall accept the same in full satisfaction of their respective rights and interests in the said Capitalised sum not exceeding Rs.22,52,02,460/-.
- (d) No Allotment Letters shall be issued to the allottees of Bonus Equity Shares and the relevant Certificates in respect of Bonus Equity Shares shall be completed and delivered to the allottees within three months from the date of allotment thereof.
- (e) The issue and allotment of the said Bonus Equity Shares and distribution of the Net Sales Proceeds of the fractional shares as aforesaid to the extent they relate to the Non-Resident Shareholders of the Company would be subject to prior permission of the Reserve Bank of India (RBI), being obtained under the Foreign Exchange Regulation Act, 1973 (FERA) and to the conditions, if any, as the said Bank may impose in granting the permission.
- (f) For the purpose of giving effect to this Resolution and for removal of any doubts or difficulties, the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto or otherwise re-consider the matter in the changed circumstances, if any, as it in its absolute discretion may think fit and its decision shall be final and binding on all Members and other interested persons".

"RESOLVED FURTHER that the present intention of the Board of Directors to recommend, barring unforeseen circumstances and subject to the provisions of the Guidelines stipulated by the Securities and Exchange Board of India (SEBI) on Bonus issues, payment of the Dividend to Shareholders on the expanded Equity Capital of the Company in the year immediately following the Bonus issue which shall not be less than 10 percent be and is hereby noted."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this Resolution."

- 15. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution.

"RESOLVED that subject to the compliance of the applicable provisions of the Foreign Exchange Regulations Act, 1973 and all other applicable provisions of any other law, and in conformity with the relevant guidelines issued/ to be issued by Reserve Bank of India/Securities and Exchange Board of India/Ministry of Finance, the consent of the Company be and is hereby accorded to the holding by Non-Resident Indians (NRIs) and/or Overseas Corporate Bodies (OCBs) any Equity Shares and/or Convertible Debentures and/or other permissible securities of the company, acquired by market operations or otherwise, with or without repatriation benefit, in excess of 5% but not exceeding 24% of the total paid-up value of each class of securities of the Company.

12th May, 1997

By Order of the Board

Regd. Office:

ASHOK MALU

Veraval - 362 266 (Gujarat)

Company Secretary

NOTES FOR MEMBERS' ATTENTION:

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.
THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of items 4 to 15 of the Notice set out above, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 19th June, 1997 to Tuesday, the 15th July, 1997 (both days inclusive) for the purpose of payment of Dividend.
4. Dividend, when sanctioned will be made payable on or after 22nd July, 1997 to those members whose names stand registered on the Company's Register of Members as on 15th July, 1997.
5. a) Members are requested to notify change of address, if any, with pin code quoting reference of their folio number.
b) In case your mailing address mentioned on this Annual Report is without the PINCODE, then you are requested to kindly inform your PINCODE immediately.



6. Members are requested to quote Folio Numbers in all correspondence.
7. Pursuant to Section 205 A of the Companies Act, 1956, all dividends upto the financial year 1992-93, which remained unclaimed, have been transferred to the General Revenue Account of the Central Government. Members, who have not encashed their dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies-Gujarat, Jivabhai Chambers, Ashram Road, Ahmedabad 380 009. In case any assistance is required, members may please write to the Company at its Registered Office.

Unclaimed dividend for the year 1993-94 will be transferred to the General Revenue Account of the Central Government by 25th September, 1997. Members, who have not encashed their dividend warrants for the said period, may please write immediately to the Company at its Registered Office.

8. Members who are holding Shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.
9. Non-resident Indian Shareholders are requested to inform the Company immediately:-
 - (a) the change in the Residential status on return to India for permanent settlement.
 - (b) the particulars of NRE Bank Account in India with complete name and address of the Bank, if not furnished earlier.
10. To avoid the incidence of fraudulent encashment of the warrants, Members are requested to intimate the Company under the signature of the Sole/First Joint holder, the following information, so that the Bank Account Number and Name and address of the Bank can be printed on the Dividend Warrant:-
 - 1) Name of Sole/First Joint holder and Folio No.
 - 2) Particulars of Bank Account, viz.
 - i) Name of the Bank
 - ii) Name of Branch
 - iii) Complete address of the Bank with Pin Code Number
 - iv) Account Type, whether Savings (SB) or Current Account (CA)
 - v) Bank Account Number allotted by the Bank
 - vi) 9 Digit Code Number of Bank & Branch appearing on the MICR Cheque issued by the Bank (Please attach the photocopy of a cheque or a blank cancelled cheque issued by your bank for verifying the accuracy of the code number).

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special items of business mentioned in the Notice.

Item Nos.4 and 5

Although not strictly necessary, this Explanatory Statement is being given in respect of the Resolutions mentioned in these items of the Notice, since the Resolutions for the re-appointment of the retiring Auditors and for the Branch Auditors will be proposed as Special Resolutions in view of the provisions contained in Section 224A of the Companies Act, 1956. Section 224A of the Companies Act, 1956 provides, inter alia, that in the case of a company in which not less than 25% of the subscribed capital is held whether singly or in combination by public financial institutions, nationalised banks or any insurance company, the appointment or re-appointment at each Annual General Meeting of the auditors shall be made by a Special Resolution. The Financial Institutions, Banks and Insurance Companies at present hold and are likely to continue to hold at the date of ensuing Annual General Meeting, more than 25% of the subscribed share capital of the Company which necessitates the passing of the Special Resolutions.

The Auditors have forwarded their respective Certificates to the Company stating that their re-appointment, if made, will be within the limit specified in Section 224 (1B).

Item No.6

Smt. Rajashree Birla was appointed as a Director of the Company at the Board Meeting held on 14th March, 1996 to fill in the casual vacancy caused by the sad demise of Shri Aditya Vikram Birla. In terms of Article 99 of the Articles of Association of the Company and pursuant to Section 262 of the Companies Act, 1956, Smt. Rajashree Birla holds office only upto the date upto which Shri Aditya Vikram Birla in whose place she was appointed would have held office, i.e. upto the date of this Annual General Meeting. Notices have been received from some members of the Company under Section 257 of the Companies Act, 1956, along with deposit of Rs.500/- proposing Smt. Rajashree Birla's candidature for the office of a Director liable to retire by rotation. Ever since the demise of Shri Aditya Vikram Birla, Smt. Birla has been taking quite active interest in the affairs of the Company and her contribution in mostly social and welfare activities of the Company, even during the life time of Shri Aditya Vikram Birla is worthy of note. She is also a director in quite a few other companies and the Company would stand to gain by her presence on the Board. The Directors accordingly recommend the Resolution for the approval of the Shareholders.

Smt. Rajashree Birla and Shri Kumar Mangalam Birla, who are related to each other are deemed to be interested in this Resolution.

Item No.7

In order to meet the requirements for long term working capital of the Company, the Company has issued/proposes to issue 18th Series Secured Redeemable Non Convertible Debentures on private

placement basis as set out in the resolution. These will be secured by mortgage and/or charge in favour of the Debenture Trustees over the movable and/or immovable assets of one or more undertakings of the Company as may be finalised with the concerned parties.

Section 293 (1) (a) of the Companies Act, 1956, inter alia, provides that the Directors of a public company shall not, except with the consent of the Company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of each such undertaking. Since the mortgage and/or charge created/to be created as aforesaid may be considered to be a disposal of the Company's undertaking, it is considered advisable, by way of abundant caution, that the creation of the mortgage and/or charge as stated in the resolution be approved by an ordinary resolution pursuant to Section 293 (1) (a) of the above Act.

It is under these circumstances that the resolution is recommended for your acceptance.

No Director is interested in the resolution.

Item No.8

Shri G.L.Moondra was appointed as Manager of the Company with effect from 1st October, 1992, at the 35th Annual General Meeting of the Company held on 30th November, 1992 on the terms as set out in that Resolution with liberty to the Board of Directors of the Company to effect such increases from time to time as it thinks fit within the limitations in that behalf as contained in Schedule XIII to the Companies Act, 1956. At the Annual General Meeting held on 1st August, 1996, the Members had approved the payment of enhanced monthly salary as mentioned therein. In view of the inflationary trend and the increase in the business activities of the Company, the Board of Directors have deemed it fit to further increase the monthly salary payable to him in the manner set out in this Resolution. The other terms and conditions of his remuneration for the relevant period remain the same as approved by the Members at the aforesaid Annual General Meetings of the Company held on 30th November, 1992 and 1st August, 1996.

Although the above increase by the Board is within the limits set out in Schedule XIII and the Board was also so authorised by the Members at the Annual General Meeting held on 30th November, 1992, the Department of Company Affairs has been taking the view that each such increase should again be approved by the Members in the General Meeting and hence the Resolution set out in this item of the Notice is commended for your acceptance.

Copies of each of the Resolutions passed at the Annual General Meetings of the Company held on 30th November, 1992 and on 1st August, 1996 are available for inspection of the Members at the Registered Office of the Company on all working days during business hours i.e. from 10.00 A.M. to 12 Noon (except Sundays and Public Holidays) upto the date of the above Annual General Meeting.

As no Director is interested in the appointment of Shri G.L.Moondra as Manager of the Company, there is no requirement to circulate an abstract as required by Section 302 of the Companies Act, 1956, although the details set out in this resolution may be treated as one.

Item No.9

Pursuant to Section 269 of the Companies Act, 1956, Shri G.L.Moondra was appointed as the Manager of the Company for a period of 5 years with effect from 1st October, 1992 on the terms set out in the said Resolution. The term of office of Shri G.L.Moondra as Manager expires on 30th September, 1997. Shri G.L.Moondra has been associated with the Company for the last forty years and presently also continues to hold the position of Senior President of Jaya Shree Textiles Division of the Company at Rishra. Due to his long association with the Company, he is well conversant with its affairs and administration. His long and fruitful association with the Company resulting in considerable experience eminently qualifies him for reappointment as Manager of the Company for a further period of five years effective from 1st October, 1997 on the terms and conditions as set out in the Resolution which reflects the modern corporate trend and is commensurate with the remuneration of similar executives in the Corporate Sector in the country. The proposed remuneration is well within the prescribed limits specified in Schedule XIII of the Companies Act, 1956.

The Board of Directors recommends this Resolution for your approval.

As no Director is interested in the appointment of Shri G.L.Moondra as Manager of the Company, there is no requirement to circulate the abstract as required under Section 302 of the above Act, although the details set out in the resolution may be treated as one.

Item No.10

In the course of its business, the Company, from time to time is required to give guarantees or provide security in connection with loans made by any other person to or to any other person by bodies corporate in which the Company may have some stake including as a Co-Promoter with other Companies in respect of several Joint Ventures, the latest being Birla AT&T Communications Limited (Birla AT&T) of which the Foreign Collaborator is the global telecom giant AT&T, USA. Birla AT&T has been awarded licences for operating Cellular Mobile services in Gujarat and Maharashtra Circles (excluding Mumbai but including Goa). Banks/Financial Institutions have agreed to give Foreign Currency Term Loans/Rupee Term Loans to Birla AT&T, subject to inter alia the Company providing security by way of pledge of shares to be held by the Company in Birla AT&T of an amount not exceeding Rs.94.04 crores.

A special resolution in general terms as set out in item No. 10 of this notice is commended for your acceptance to take care of the above, as also of any other future arrangements of the like nature



which the company may have to enter into in the course of its business activities.

It is in the above circumstances that the Resolution as mentioned in this item of the Notice is proposed to be passed and commended for your acceptance.

Item Nos.11 to 13

It is considered desirable that the Share Capital of your Company be enlarged commensurate with the size and operations of your Company and also to provide for future needs of the Company.

The resolutions in respect of Item Nos.11 to 13 of the Notice seek to increase the authorised share capital of the Company from Rs.75 Crores to Rs.100 Crores by creation of 1,40,00,000 new Equity Shares of Rs.10 each and 11,00,000 new Redeemable Preference Shares of Rs.100/- each as set out in Item No.11 of the accompanying Notice. The increase in the authorised capital of the Company will also result in consequential amendments of the respective capital clauses in the Memorandum and Articles of Association of the Company as mentioned in Item Nos. 12 and 13. It is in the above circumstances that the resolutions mentioned in these items of the Notice are proposed to be passed and commended for your acceptance.

Item No.14

The Subscribed and Paid-up Capital of the Company as on 31st March, 1997, consists of Rs.44,98,50,340/- divided into 44985034 Equity Shares of Rs.10/- (Rupees Ten only) each.

There has all along been a steady and continued growth and expansion in the Company's activities and its reserves have augmented considerably.

In view of the above and the disparity between the amount of the paid-up capital of the Company and the total capital employed in its business, there is a strong case now for increasing the Subscribed and Paid-up Equity Capital of the Company by issue of Bonus Shares. As a step towards attaining the above and considering all aspects, the Directors have considered the desirability of raising the Paid-up Equity Capital of the Company by the capitalisation of Reserves. The Directors of the Company, therefore, recommend, subject to the compliance of the guidelines of the Securities and Exchange Board of India in this behalf, that the sum of Rs. 1,11,76,645/- representing the Capital Reserve, Rs.1,24,02,400/- representing the Capital Redemption Reserve and a sum not exceeding Rs.20,16,23,415/- representing a portion of the Share Premium Account of the Company, all aggregating to Rs.22,52,02,460/-, be capitalised and 2,25,20,246 Equity Shares of Rs.10/- (Rupees Ten only) each credited as fully paid be issued to the Members holding the Existing Equity Shares on such date, and/or to the Persons who would become entitled thereto hereafter on allotment of the Equity Share(s) against conversion of FCDs and/or the Equity Shares offered against the Detachable Warrants which have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956

and/or with respect to Shares attached under Section 3 of the Special Court (Trial of offences relating to transactions in Securities) Act, 1992 as may be permissible at law. The Bonus Equity Shares will be issued in the proportion of One New Equity Share for every two existing Equity Shares held. The said Bonus Equity Shares shall rank pari-passu in all respects with the existing Equity Shares except that they shall be entitled to participate in any dividend in the manner stated in the Resolution set out in Item No.14 of the Notice.

The issue of Bonus Equity Shares and the distribution of the net sale proceeds relating to the fractional entitlement to those Members who are foreign nationals or resident outside India will require the permission of the Reserve Bank of India under the Foreign Exchange Regulations Act, 1973. Necessary application will be submitted by the Company to the Reserve Bank of India in due course.

The Directors, accordingly, recommend the Resolution mentioned in this item of the Notice for your approval.

The Directors who are holders of Equity Shares in the Capital of the Company would be interested in the proposed Bonus issue proportionately in the same way as every other Member of the Company who holds such Equity Shares therein.

Item No.15

Under the current liberalisation policy of the Government of India, considerable relaxations have been made in respect of Non-Resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) predominantly owned by NRIs making investments in shares and convertible debentures of Indian Companies. Upto now the limit of investments by NRIs/OCBs in a Company is subject to an overall ceiling of 5% of the paid-up value of each security (other than in respect of Preference Shares and Non-Convertible Debentures) of the Company, with repatriation and non-repatriation benefits, under Portfolio Investment Scheme. The aggregate investments by NRIs and/or OCBs in a single company (otherwise than through GDRs etc.) can be upto 24% of the paid up value of the each security, provided the same are within the overall aggregate limit of 24% of the total paid up value of each class of securities, if the Company has passed General Body Resolution to that effect. Prevailing healthy investment environment has encouraged the non-resident investors to repose confidence in the Indian Capital Market. In order to take advantage of this foreign exchange inflow, it is thought expedient to pass a Resolution as set out in this item of the Notice.

It is in the above circumstances that the Resolution is commended for your acceptance.

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

12th May, 1997

Regd. Office:

Veraval - 362 266 (Gujarat)

By Order of the Board

ASHOK MALU

Company Secretary