



SHREE PRECOATED STEELS LIMITED

20th Annual Report - 2006 - 07



“The Leading player in Real Estate and Steel”

20th Annual Report - 2006 - 07



HIGHLIGHTS

- Highest Turnover in the History of the Company achieving the Milestone of **Rs. 1,535 Crores** in Steel Division and **Rs. 281 Crores** in Real Estate Division
- Export (FOB) increased by **54%**
- Sales increased by more than **81%**
- Cash Profit **Rs. 268.89 Crores**
- **ISO 14001:1996** Certificate from DNV for EMS
- **ISO 14001:2000** Re-certification from DNV for EMS
- **ISO 9001:2000** Certificate from DNV for EMS
- Status of **"Three Star Export House"** from Govt. of India
- Member of **ECCA**



SHREE PRECOATED STEELS LIMITED

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SHREE PRECOATED STEELS LIMITED

BOARD OF DIRECTORS

Shri Chhotalal S. Ajmera	Chairman & Managing Director
Shri Rajnikant S. Ajmera	Managing Director
Shri Ishwarlal S. Ajmera	Whole-time Director
Shri Jagdish J. Doshi	Independent Director
Shri Ambalal C. Patel	Independent Director
Shri Inderpal S. Kalra	Nominee Director - IDBI

CHIEF FINANCE OFFICER

Shri O.P. Gandhi

COMPANY SECRETARY

Shri Nilesh Jain

BANKERS

Bank of Baroda
Allahabad Bank
Dena Bank
The Federal Bank Ltd.
State Bank of India
State Bank of Patiala
State Bank of Indore
Union Bank of India
IDBI Ltd.
HDFC Ltd.

AUDITORS

M/s. V. Parekh & Associates

SOLICITORS

M/s. Pandya & Poonawala
M/s. Desai & Diwanji
M/s. K. Ashar & Company

REGISTERED OFFICE

"Citi Mall",
Link Road, Andheri (West),
Mumbai - 400 053, India
Website: www.spsl.com

PLANT

Gat No. 740,
Sanaswadi, Pune Nagar Road,
Tehsil Sirur, Pune - 412 208.

20TH ANNUAL GENERAL MEETING

Date	: 28th December 2007
Day	: Friday
Time	: 4.00 P.M
Place	: "Shree Vagad Visha Oswal Vikas Samaj- Mumbai" Plot No. A-6 S. N. (P. T.), 41, Adarsh Nagar, Jogeshwari Osiwara Link Road, Jogeshwari (W), Mumbai - 400 102.
Book Closure	: Saturday, 22nd December 2007 to Friday, 28th December 2007 (both days inclusive)

REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt Limited,
Branch Office: Unit 1, Luthra Industrial Premises
Andheri Kurla Road, Safed Pool, Sakinaka,
Andheri (E), Mumbai - 400 072.



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NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Shareholders of Shree Precoated Steels Limited will be held on Friday, the 28th December 2007 at 4:00 p. m. at "Shree Vagad Visha Oswal Vikas Samaj - Mumbai", Plot No. A-6 S. N. (P.T.), 41, Adarsh Nagar, Jogeshwari Osiwara Link Road, Jogeshwari (W), Mumbai - 400 102., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 and the Profit and Loss Account for the year ended on that date and the Report of Auditors' and Directors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Jagdish J. Doshi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors' and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Section 16, 94 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 such approvals, consents, sanctions and permissions of appropriate authorities, department or bodies as may be necessary, the present Authorized Share Capital of the Company of Rs. 150,00,00,000/- (Rs. One Hundred Fifty Crores only) divided into 13,50,00,000 (Thirteen Crores Fifty Lacs only) Equity Shares of Rs. 10/- (Rupees Ten only) each and 1,50,00,000 (One Crores Fifty Lacs only) Cumulative Redeemable Preference Share of Rs. 10/- (Rupees Ten Only) each be and is hereby re-classified to Rs. 150,00,00,000/- (Rs. One Hundred Fifty Crores only) divided into 15,00,00,000 (Fifteen Crores only) Equity Shares of Rs. 10/- (Rupees Ten only) each .

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following New Clause V:

- V. The Authorized Share Capital of the Company is Rs. 150,00,00,000/- (Rupees One Hundred Fifty Crores only) consisting of 15,00,00,000 (Fifteen Crores only) Equity Shares of Rs. 10/- (Rupees Ten only) each with rights, privileges and conditions attached thereto as provided by the Articles of Association of the Company for the time being with power to increase or reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes, and attach thereto respectively and preferential, qualified or special rights. Such rights shall not except where the terms of issue otherwise provide be alterable otherwise than pursuant to the provisions contained in the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Director of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the consent of the company be and is hereby accorded pursuant to Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and the Articles of Association of the Company, to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee thereof constituted by the Board to exercise its powers including the powers conferred by this resolution) to mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may deem fit, on all or any of the moveable and/or immoveable properties of the company, wherever situated, both present and future in favour of one or more banks and/or financial institutions and/or others to secure term loans borrowed /to be borrowed and/or any banking or financial or other facilities or arrangements made/to be made in terms of any Agreement/Heads of Agreement/Letter of sanction/Memorandum of the terms and conditions entered into or to be entered into by the company in respect of such term loans and/or any banking or financial or other facilities or arrangements upto an aggregate amount not exceeding Rs 2000 Crores (Rupees Two Thousand Crores) over and above the aggregate for the time being of the Paid-up Capital of the Company and its Free Reserves from time to time, together with interest at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premium or pre-payment or on expenses and other monies covered by the aforesaid financial assistance under the respective documents to be entered into by the Company;

RESOLVED FURTHER THAT the securities to be created by the company as aforesaid may rank prior/ pari-passu / subservient with/to the mortgages and/or charges already created or to be created in future by the Company and as may be agreed to between the concerned parties;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or any committee or persons authorised by the Board, be and are hereby authorised to finalise, settle and execute such documents/deeds/writings/papers/agreements, as may be required and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that



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may arise in regard to creating mortgage/charge as aforesaid or otherwise considered to be in the best interest of the Company."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**

"RESOLVED THAT pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee thereof constituted by the Board to exercise its powers including the powers conferred by this resolution) for borrowing from time to time any such sums of money which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate for the time being of the Paid-up Capital of the Company and its Free Reserves, that is to say, Reserves not set apart for any specific purpose, provided that the maximum amount of moneys so borrowed by the Board shall not at any time exceed the limit of Rs. 2000 Crores (Rupees Two Thousand Crores Only)."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**

"RESOLVED THAT subject to the approval of the Reserve Bank of India (RBI) and such other approvals as may be required, consent of the company be and is hereby given to the enhancement of investment Limits of Foreign Institutional Investors (FIIs)/Non Resident Indians (NRIs) in the securities of the Company from 24% to 49% of the Equity Share Capital of the Company."

RESOLVED FURTHER THAT Shri R. S. Ajmera, Managing Director of the Company, Shri O. P. Gandhi C F O of the Company and Shri Nilesh Jain, Company Secretary of the Company be and are hereby authorised severally authorised to make necessary application to the Reserve Bank of India and make representation, submission and do all such acts, deeds, matters, and things as the case may be necessary for the aforesaid purpose for and on behalf of the company."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 81 (1A) and all other applicable provisions, if any of the Companies Act, 1956 [including any statutory modification(s) or re-enactment thereof for the time being in force] and relevant provisions of the Memorandum and Articles of Association of the Company, the Foreign Exchange Management Act, 1999 and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, Guidelines prescribed by the Securities and Exchange Board of India (SEBI) and subject to such approval(s), consent(s), permission(s) and/or sanction of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such terms, conditions, modifications and alterations as may be prescribed and specified by any of them in granting such approval, consent, permission or sanction, the consent, authority and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof) to offer, issue and allot, in the course of offerings, in one or more foreign markets, any Securities including Equity Shares, Global Depository Receipts and/or American Depository Receipts, Foreign Currency Convertible Bonds, Convertible Bonds, Euro-convertible Bonds/Shares/Debentures, Preference Shares whether Cumulative/ Redeemable/ Partly convertible/ convertible at the option of the company and / or at the option of the holders of the Security(s), Securities partly or fully convertible into Equity shares and/or securities linked to Equity Shares and/or any instruments or securities with or without detachable warrants, secured or unsecured or such other types of securities representing either Equity Shares or Convertibles Securities (hereinafter referred to as "Securities") to Foreign/Domestic Investors, Non-residents, Foreign Institutional Investors/ Foreign Companies/ NRI(s) / Foreign National(s)/Banks/Mutual Funds/Financial Institutions or such other entities or persons as may be decided by the Board, whether or not such persons/entities/investors are Members of the Company, through Prospectus, Offering Letter, Circular to the general public and/or through any other mode or on private placement basis as the case may be from time to time in one or more tranches as may be deemed appropriate by the Board on such terms and conditions as the Board may in its absolute discretion deem fit for an amount not exceeding US\$ 250 Million (US Dollar Two hundred and fifty million only) or equivalent thereof, including green shoe option on such terms and conditions including pricing as the Board may in its sole discretion decide including the form and the persons to whom such securities may be issued and all other terms and conditions and matters connected therewith.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms including as to conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payments whatsoever, and all such others as are provided in Securities offerings of this nature including terms for issue of such Securities or variation of the conversion price of the Security during the duration of the Securities and the Company is also entitled to enter into and execute all such arrangements as the case may be with any lead managers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or payment of their remuneration for their services or the like, and also to seek the listing of such Securities on one or more stock exchanges including international Stock Exchanges, wherever permissible.

RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorized by the Company for the issue of Securities in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the domestic and / or international practice and regulations, and under the forms and practices prevalent in securities markets.

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RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, the Board be and is hereby authorised to determine the form, terms and timing of the offering(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in such tranche, issue price, face value, premium amount on issue/conversion of Securities, Exercise of Warrants/redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges as the Board in its absolute discretion deems fit and to make and accept any modification in the proposal as may be required by the authorities involved in such issues and on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, the Appointment of Registrar, Book-Runner, Lead-Managers, Trustees/Agents, Bankers, Global co-ordinators, Custodians, Depositories, Consultants, Solicitors, Accountants, entering into arrangements for underwriting, marketing, listing, trading, depository and such other arrangements and agreements, as may be necessary and to issue any offer document(s) and sign all deeds, documents and to pay and remunerate all agencies/intermediaries by way of commission, brokerage, fees, charges, out of pocket expenses and the like as may be involved or connected in such offerings of securities, and also to seek listing of the securities or securities representing the same in any Indian and/or in one or more international stock exchanges with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue, offer or allotment of securities and in complying with any Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board and / or an agency or body authorized by the Board may issue Depository Receipt(s) or Certificate(s) or Shares, representing the underlying securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in Indian and/or International capital markets for the instruments of this nature and to provide for the tradability or free transferability thereof, as per the Indian / international practices and regulations and under the norms and practices prevalent in the Indian/International markets.

RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by applicable laws.

RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorized to issue and allot such number of shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph(s) above or as may be necessary in accordance with the terms of the offering, all such shares being pari passu with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.

RESOLVED FURTHER THAT such of these securities to be issued as are not-subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in the best interest of the Company and as is permissible at law.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described in paragraph(s) above, the Board or any Committee thereof be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and depository arrangement and institution / trustees / agents and similar agreements / and to remunerate the Managers, underwriters and all other agencies / intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the issue proceeds including but without limitation to the creation of such mortgage / charges under Section 293 (1) (a) of the said Act in respect of the aforesaid Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman and Managing Director or any Whole-time Director or any other Officers / Authorized Representatives of the Company to give effect to the aforesaid resolution."

By Order of the Board of Directors
For **SHREE PRECOATED STEELS LTD.**

NILESH JAIN
Company Secretary

Mumbai,
31st October, 2007
Registered Office:
"Citi Mall", Link Road,
Andheri (W), Mumbai 400 053



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NOTES:

- I **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF OR HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- II Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- III The Company has obtained the approval of the Registrar of Companies, Maharashtra, Mumbai under Sub Section (1) of Section 166 of the Companies Act, 1956, for extension of time for holding the Annual General Meeting of the Company.
- IV The relative Explanatory Statements pursuant to section 173 of the Companies Act, 1956 in respect of the business under items nos. 5 to 9 set out above and details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Director seeking re-appointment at the Annual General Meeting are annexed hereto.
- V **The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 22nd December 2007 to Friday, the 28th December 2007 (both days inclusive).**
- VI Payment of the dividend as recommended by the Directors, if declared at the Meeting, will be made on or after 1st January, 2008 to the Members whose names stand on the Company's Register of Members on Friday, the 28th December 2007 and to the Beneficiary Holders as per the Beneficiary List on the close of business hours on Friday, the 21st December, 2007 provided by National Securities and Depository Limited and Central Depository Services (India) Limited.
- VII Payment of the dividend will be made through Electronic Clearing Service (ECS) at the RBI Centres by crediting the dividend amount to the bank account of the shareholders wherever relevant information is made available to the Company. The members, holding shares in physical form and covered under the RBI Centres, who have not furnished requisite information and who wish to avail of ECS facility to receive dividend from the Company, may furnish the information to Sharex Dynamic (India) Pvt. Ltd., the Registrars and Transfer Agents. The members holding shares in electronic form may furnish the information to their Depository Participants, in order to receive dividend through ECS mechanism.
- VIII All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days except Sundays between 11.00 a. m. and 1.00 p. m., up to the date of the ensuing Annual General Meeting.
- IX Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
- X Members are requested:
 - a to notify any change in their addresses to their Depository Participants (DPs) in respect of their electronic share accounts quoting Client ID no. and to the Sharex Dynamics (India) Private Limited Registrar and Transfer Agent (RTA) or to the Company in respect of their physical shares quoting their folio numbers.
 - b to write to RTA to enable them to consolidate their holdings in one folio, who are not opting for depository and are holding Shares in identical order of names in more than one folio,.
 - c to write to the Company at an early date so as to enable the Management to keep information ready, who are desiring any information as regard to accounts,.
 - d to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting, who hold Shares in dematerialized form,.
 - e to bring their copies of the Annual Reports to the Meeting.
- XI In terms of Section 109A of the Companies Act, 1956, the Share holder(s) of the Company may nominate a person on whom the Shares held by him/them shall vest in the event of his/their death. Share(s) desirous of availing this facility may submit nomination in Form 2B.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the Listing agreement, the particulars of the Director who is proposed to be re-appointed and whose remuneration is proposed to be revised is given below:-

Name	Shri Jagdish J. Doshi
Date of Birth	26 th February 1931
Date of re-appointment	Ensuing 20th Annual General Meeting
Expertise in specific functional area	Involved in the development of the Steel Industry for the last 50 years.
Qualifications	M. S. (Illinois), D. I. C. (London), B. E. (Hons.) Bombay, P. Eng. (Ontario, Canada), Consulting Engineer.
Listed / Unlisted Public Companies in which outside Directorship held as on 31st March 2007	Super Stainless and Hi Alloys Limited Four Seasons Marine & Air Services Limited
Chairman / Member of the Committees of the Board of the other Companies on which he is a Director as on 31st March 2007	Nil

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EXPLANATORY STATEMENT

As required by Section 173 (2) of the Companies Act, 1956, the following Explanatory Statements set out all material facts relating to the business under Item Nos. 5 to 9 of the accompanying Notice dated 31st October, 2007.

Item No. 5:

The present Authorized Share Capital of the Company of Rs. 150,00,00,000/- (Rs. One Hundred Fifty Crores only) divided into 13,50,00,000 (Thirteen Crores Fifty Lacs only) Equity Shares of Rs. 10/- (Rupees Ten only) each and 1,50,00,000 (One Crores Fifty Lacs only) Cumulative Redeemable Preference Share of Rs. 10/- (Rupees Ten Only) each be and is hereby re-classified to Rs. 150,00,00,000/- (Rs. One Hundred Fifty Crores only) divided into 15,00,00,000 (Fifteen Crores only) Equity Shares of Rs. 10/- (Rupees Ten only) each.

With the growing expansion of the Company's business it was desirable to bring the Authorized Capital of the Company in proper co-relation with the magnitude of the Company's resources and size of its undertaking. It is, therefore, considered advisable to re-classify the Authorised Capital of the Company to Rs. 150,00,00,000/- (Rs. One Hundred Fifty Crores only) divided into 15,00,00,000 (Fifteen Crores only) Equity Shares of Rs. 10/- (Rupees Ten only) each by re-classifying the preference share capital of Rs. 15,00,00,000/- consisting of 1,50,00,000 Preference Share Capital of Rs. 10/- each, into 1,50,00,000 Equity Share Capital of Rs. 10/- each which will rank pari passu in all respects with the existing Equity Share Capital in the Company. As and when the aforesaid Shares are proposed to be issued and allotted, the Company would take necessary action as per the provisions of the Act.

The proposed reclassification of the Authorized Capital of the Company required the approval of the Members in General Meeting.

Consequent upon the re-classification in Authorized capital of the Company, its Memorandum of Association would require alteration so as to reflect the reclassification in the Share Capital.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

A Copy of the Memorandum and Articles of Association of the Company showing the changes proposed is available for inspection during business hours on any working day at the registered office of the Company.

Item No. 6:

The company may require funds in future from various sources to meet expenditure on its projects, to augment its working capital needs, to repay/prepay high cost debts or for corporate restructuring or other purposes in the course of its business.

The borrowing by the company, in general, is required to be secured by mortgage or charge on all or any of the moveable or immoveable properties of the Company, in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The Board of Directors recommends the resolution set out at item No. 6 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 7:

- a. The Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the Paid-up Capital and Free Reserves of the Company, that is to say, reserves not set apart for any specific purpose.
- b. The proposed limit for borrowings of Rs. 2000 Crores would enable the Company to mobilize the funds as and when required and also look for alternative resources in the interim to offset the high cost borrowing of the Company.
- c. Taking into consideration the above position, it is proposed to increase the borrowing limit of the Company with the sanction of the shareholders up to an amount of Rs. 2000 Crores. Any further borrowings will be made subject to obtaining the requisite approvals from the concerned authorities.
- d. The Directors commends the Resolution at Item No. 7 of the Notice for approval by the Members.
- e. No Director is interested or concerned in this Resolution.

Item No. 8:

In view of interest envisaged by some of the reputed FIIs and booming capital market conditions, we expect increase in the limits of FII/NRIs. In terms of the Notification No. 20/2000-RB dated 3rd May, 2000 amended from time to time, it is proposed to raise the limits of FII/NRIs from 24% to 49% which requires a special resolution to be passed by the members of the company in the general meeting. The Board of Directors therefore, recommended the same for your approval. The present shareholding level of FII/NRI is around 14%.

The Board of Directors recommends the resolution set out at item No. 8 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.