

# 10<sup>th</sup> Annual Report 2002 - 2003

**MERVEN** 

**MERVEN DRUG PRODUCTS LIMITED**

**Board of Directors**

**Mr. T. Mallikarjuna Reddy**  
Chairman

**Mr. Ajit Annu Kamath**  
Director

**Mr. Manoj Tejraj Jain**  
Director

**Mr. Bhupathiraju Venkatarama Raju**  
Director

**Manager**

**Mr. N. Krishna Kumar**  
General Manager- Technical

**Compliance Officer**

**Mr. S. Narender Kumar**  
Asst. Manager – Secretarial

**Auditors**

**M/s. Nayak & Rane.**  
Chartered Accountants,  
Mumbai.

**Audit Committee Members**

**Mr. Bhupathiraju Venkatarama Raju**  
Chairman of the Committee  
**Mr. Manoj Tejraj Jain**  
**Mr. Ajit Annu Kamath**

**Bankers**

Bank of Baroda  
State Bank of Hyderabad

**Registrars & Transfer Agents**

**Sathguru Management Consultants (P) Ltd.,**  
Plot No. 15, Hindi Nagar,  
Punjagutta,  
Hyderabad – 500 034.

**Registered Office & Works**

Survey No. 323,  
Gundlamachnur Village,  
Hathnoora Mandal,  
Medak District,  
Pin – 502 296,  
Andhra Pradesh.

**Request to Members**

- Members are requested to bring their copies of Annual Report to the meeting.
- Members are requested to avoid being accompanied by non-members and/or children.
- Members/Bodies Corporate/Proxies should bring the attendance slip duly filled-in for attending the Meeting.
- Members desiring any information as regards accounts are requested to write to the Company at least seven days before the Meeting to enable the Management to keep the information ready.

## **NOTICE**

Notice is hereby given that the 10th Annual general Meeting of the Members of **MERVEN DRUG PRODUCTS LIMITED** will be held at its Registered Office at Survey No.323, Gundlamachnur Village, Hathnoora Mandal, Medak, Pin: 502296, Andhra Pradesh, on **Tuesday, October 28, 2003** at **10.00 A.M.** to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Balance sheet as at March 31, 2003 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. T. Mallikarjuna Reddy who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Manoj Jain, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint the Auditors' until the conclusion of the next Annual General Meeting and to fix their remuneration.

### **SPECIAL BUSINESS:**

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

**"RESOLVED THAT** in accordance with the provisions of Section 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s), or redeemed-enactment thereof, for the time being in force), the Authorised Share Capital of the Company, be and is hereby divided into 90,00,000 (Ninety Lakh) Equity Shares of Rs.10/-each, 90,00,000 (Ninety Lakh) Cumulative Convertible Preference Shares of Rs.10/- each and 20,00,000 (Twenty Lakh) Redeemable Preference Shares of Rs.10/- each and consequently the existing Clause V of the Memorandum of Association of the Company, relating to Share Capital, be and is hereby altered by deleting the same and substituting in its place and read the following as new Clause V:

V. The Authorised Share Capital of the Company is Rs.20,00,00,000/- (Rupees Twenty Crores Only) divided into 90,00,000 (Ninety Lakh) Equity Shares of Rs.10/-each, 90,00,000 (Ninety Lakh) Cumulative Convertible Preference Shares of Rs.10/- each and 20,00,000 (Twenty Lakh) Redeemable Preference Shares of Rs.10/- each with power to increase or reduce the capital of the Company, divide the shares in the capital for the time being, into several classes to attach thereto respectively such preferential, deferred, qualified or special rights, privileges and conditions as may be to determined by or in

accordance with Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.

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

**"RESOLVED THAT** in accordance with the provisions of Section 31, and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s), or redeemed-enactment thereof, for the time being in force), and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and hereby altered as follows:

Existing Article No.2 of the Articles of Association of the Company be and is hereby deleted and be substituted in its place by the following new Article:

2.The Authorised Share Capital of the Company is Rs.20,00,00,000/- (Rupees Twenty Crores Only) divided into 90,00,000(Ninety Lakh) Equity Shares of Rs.10/- each, 90,00,000 (Ninety Lakh) Cumulative Convertible Preference Shares of Rs.10/- each and 20,00,000 (Twenty Lakh) Redeemable Preference Shares of Rs.10/- each with power to increase or reduce the capital of the Company, divide the shares in the capital for the time being, into several classes to attach thereto respectively such preferential, deferred, qualified or special rights; privileges and conditions as may be to determined by or in accordance with Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.

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

**"RESOLVED THAT** pursuant to Scheme of Arrangement as entered into between the Company, (the Transferee Company) and ARCH COMMERZ PRIVATE LIMITED (the Transferor Company) and as sanctioned by **Board for Industrial and Financial Reconstruction (BIFR)**, out of the total Issued and Subscribed 81,00,000 Equity Shares of Rs.10/- each, 76,95,000 Equity Shares of Rs.10/- each be cancelled and such reduction be affected by cancelling the issued, subscribed and paid-up capital of the Transferee Company by Rs.9.50 per Equity Shares of Rs.10/- each and simultaneously with the reduction of Equity Shares Capital as aforesaid, 20 Equity Shares of Rs. 0.50 paise each fully paid up of the Transferee Company shall be consolidated into 1 Equity Shares of Rs.10/- each fully paid up,

## **MERVEN**

consequently making the aggregating to total Issued and Subscribed of Rs.40,50,000/- divided into 4,05,000 Equity Shares of Rs.10/- each."

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

**"RESOLVED THAT** (a) pursuant to Section 81(1A) and all other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification(s), or redeemed-enactment thereof, for the time being in force), and subject to compliance of all other relevant Guidelines issued by SEBI under Investor Protection & Disclosure Guidelines 2000 series, SEBI (Central Listing Authority) Regulations, 2003 as amended from time to time consent of the Company be and is hereby given to the Board of Directors of the Company to issue and allot either for cash and for consideration other than cash at par 8733700 Equity Shares of Rs.10/- each aggregating to Rs.873.37 Lakhs in one or more tranches to the persons whether they are the existing members of the Company or not and the said allotment and listing shall be subject to compliance of such terms and conditions as may be prescribed by The Central Listing Authority and the Hyderabad Stock Exchange Limited, Madras Stock Exchange Limited and The Stock Exchange, Mumbai and other requisite consents and approvals, if any, and also pursuant to the Scheme of Arrangement as entered into between ARCH COMMERZ PRIVATE LIMITED (the Transferor Company) and the Company, (The Transferee Company) and as sanctioned by **Board for Industrial and Financial Reconstruction (BIFR)** and further subject to such conditions and modifications as may be necessary, consent of the Company be and is hereby accorded to :

- i) Issue and allot at par to all the equity shareholders of the Transferor Company in the Transferee Company credited as fully paid up in the proportion of Three (03) Equity Shares of Rs.10/- each of the Transferee Company for every Five (05) Equity Shares of Rs.10/- fully paid up held by them in the Transferor Company, on such date after the effective date as the Board of Directors of the Transferee Company may determine, in consultation with the respective Stock Exchanges, to the persons who are members of the said Company and whose names appear in its Register of Members on such date as may hereafter be fixed by the Directors in that behalf (hereinafter referred to as the said Record Date).
- ii) The Unsecured Loan amounting to Rs. 225.00 Lakhs brought in by the Promoters of the Transferor Company into Transferee Company be converted into Equity Capital equivalent to

2250000 Equity Shares of Rs.10/- each fully paid-up at par.

- iii) Fresh Equity to the tune of Rs.125.00 Lakhs equivalent to 1250000 Equity Shares of Rs.10/- each fully paid-up at par for funds already brought in by the promoters of Transferor Company into Transferee Company.
- (b) The new equity shares be allotted subject to the Memorandum of Articles of Association of the Company.
- (c) The new equity shares shall rank pari passu with the existing equity shares of the Company.
- (d) The issue and allotment of the new equity shares in accordance with paragraph (a) of this resolution be subject to the approval of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 to the extent necessary.
- (e) No letters of allotment be issued to the allottees of the equity shares and that the share certificates in respect of the new equity shares to be allotted as fully paid equity shares as aforesaid shall be completed and be ready for delivery within three months from the date of allotment thereof.
- (f) The new equity shares so allotted will be subject to such lock-in period as may be prescribed by SEBI.
- (g) For the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or appropriate to settle any question, difficulty or doubt that may arise in regard to the issue and distribution of the new equity shares as it may think fit and to accept on behalf of the Company such conditions and modifications, if any, relating to the issue of the new equity shares, which may be imposed, required or suggested by the Reserve Bank of India or other appropriate authority and either of them and which the Board of Directors in its discretion think fit and proper."

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

**"RESOLVED THAT** pursuant to Section 81(1A) and all other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification(s), or redeemed-enactment thereof, for the time being in force), and subject to compliance of all other relevant Guidelines issued by SEBI under Investor Protection & Disclosure Guidelines 2000 series, SEBI (Central Listing Authority) Regulations, 2003 as amended from time to time consent of the Company be and is hereby given to the Board of Directors of the Company to issue, offer and allot in one or more tranches, Equity/Preference shares of

the Company on private placement to individuals, body corporate, Institutional Investors, FIIs, Mutual funds, Venture Capital funds etc. at such prices and on such term and conditions as may be decided by the Board and the said allotment and listing shall be subject to compliance of such terms and conditions as may be prescribed by The Central Listing Authority and the Hyderabad Stock Exchange Limited, Madras Stock Exchange Limited and The Stock Exchange, Mumbai and other requisite consents and approvals, if any."

**"RESOLVED FURTHER THAT** For the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or appropriate to settle any question, difficulty or doubt that may arise in regard to the issue and distribution of the new equity shares as it may think fit and to accept on behalf of the Company such conditions and modifications, if any, relating to the issue of the new equity shares, which may be imposed, required or suggested by the Reserve Bank of India or other appropriate authority and either of them and which the Board of Directors in its discretion think fit and proper."

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

**"RESOLVED THAT** subject to the approval of Central Government pursuant to Section 259 and pursuant to Section 31, and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article No.57 be altered as follows to increase the maximum limit of the Directors of the Company from the present limit of Twelve Directors to Eighteen Directors and it shall read as follows:

**Article No 57:**

***Number of Directors shall not be less than three not more than Eighteen.***

**"RESOLVED FURTHER THAT** Mr. Manoj Jain Director of the Company, be and is hereby authorized to take all necessary/relevant steps as may be deemed expedient by him for giving effect to this resolution, for and on behalf of the Company."

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

**"RESOLVED THAT** in accordance with the provisions of section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, consent of the Company be and is hereby given for the appointment of **Mr. Ajit Kamath**, as the Whole-time Director

designated as the Managing Director and Chief Executive Officer (CEO) of the Company for a period of 5 (Five) years w.e.f. 01/11/2003 on the following terms and conditions and remuneration:

1. Salary : Rs.80000/- (Rupees Eighty Thousand Only) per month with authority of the Board of Directors of the Company to grant such increments as it may determine from time to time.
2. Perquisites:
  - a) **Medical Reimbursement** : Actual expenses incurred for self.
  - b) **Club Fees**: Fees of clubs, subject to maximum of two clubs. This will not include Admission and Life Membership Fees.
  - c) Contribution to provident fund, Superannuation fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.
  - d) Gratuity payable shall be calculated as per the provisions of The Payment of Gratuity Act, 1972.
  - e) Encashment of Leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
  - f) Provision of Company's car with Driver and telephone at residence will not be considered as perquisites.
  - g) Reimbursement of entertainment expenses, traveling and all other expenses actually and properly incurred for the purpose of Company's business.
  - h) No sitting fees shall be paid for attending the meeting of Board of Directors or committee thereof.
  - i) Personal long distance calls and use of car for private purpose shall be billed by the Company.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration and perquisites including the monetary value thereof as specified above, to the extent the Board of Directors may consider appropriate, as may be permitted or authorized in accordance with any provisions of the Companies Act, 1956 or schedules appended thereto, for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations there under."

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

**"RESOLVED THAT** in accordance with the provisions of section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, consent of the





Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, consent of the Company be and is hereby given for appointment of **Mr.Rajendra Kaimal**, as the Whole-time Director, designated as an Executive Director and Chief Operating Officer (COO) of the Company for the period of 5 (Five) Years w.e.f. 01/11/2003 on the following terms and conditions and remuneration:

1. Salary : Rs.60000/- (Rupees Sixty Thousand Only) per month with authority of the Board of Directors of the Company to grant such increments as it may determine from time to time.
2. Perquisites:
  - a) Medical Reimbursement: Actual expenses incurred for self.
  - b) Club Fees: Fees of clubs, subject to maximum of two clubs. This will not include Admission and Life Membership Fees.
  - c) Contribution to provident fund, Superannuation fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.
  - d) Gratuity payable shall be calculated as per the provisions of The Payment of Gratuity Act, 1972.
  - e) Encashment of Leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
  - f) Provision of Company's car with Driver and telephone at residence will not be considered as perquisites.
  - i) Reimbursement of entertainment expenses, traveling and all other expenses actually and properly incurred for the purpose of Company's business.
  - j) No sitting fees shall be paid for attending the meeting of Board of Directors or committee thereof.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration and perquisites including the monetary value thereof as specified above, to the extent the Board of Directors may consider appropriate, as may be permitted or authorized in accordance with any provisions of the Companies Act, 1956 or schedules appended thereto, for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations there under."

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

**"RESOLVED THAT** in accordance with the provisions of section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, consent of the Company be and is hereby given for appointment of **Mr.Subhash Mali**, as the Whole-time Director, designated as an Executive Director and Chief Technical Officer (CTO) of the Company for the period of 5 (Five) Years w.e.f. 01/11/2003 on the following terms and conditions and remuneration:

1. Salary: Rs.70000/- (Rupees Seventy Thousand Only) per month with authority of the Board of Directors of the Company to grant such increments as it may determine from time to time.
2. Perquisites:
  - a) Medical Reimbursement :Actual expenses incurred for self.
  - b) Club Fees: Fees of clubs, subject to maximum of two clubs. This will not include Admission and Life Membership Fees.
  - c) Contribution to provident fund, Superannuation fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.
  - d) Gratuity payable shall be calculated as per the provisions of The Payment of Gratuity Act, 1972.
  - e) Encashment of Leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
  - f) Provision of Company's car with Driver and telephone at residence will not be considered as perquisites.
  - g) Reimbursement of entertainment expenses, traveling and all other expenses actually and properly incurred for the purpose of Company's business.
  - h) No sitting fees shall be paid for attending the meeting of Board of Directors or committee thereof.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration and perquisites including the monetary value thereof as specified above, to the extent the Board of Directors may consider appropriate, as may be permitted or authorized in accordance with any provisions of the Companies Act, 1956 or schedules appended thereto, for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations there under."

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

## MERVEN

"RESOLVED THAT pursuant to the provisions of Section 21, read with Section 23 and any other applicable, if any, of the Companies Act, 1956 read with BIFR order issued on 25/08/2003 and subject to the approval of the central government, the members of the Company be and hereby approve the change of name of Company from **MERVEN DRUG PRODUCTS LIMITED** to **ARCH COMMERZ LIMITED** as may be approved by the Registrar of Companies, Andhra Pradesh."

"RESOLVED FURTHER THAT a copy of aforesaid resolution be furnished to the Registrar of Companies, Andhra Pradesh, with a request to act upon it and Mr. Manoj Jain, Director of the Company be and is hereby authorised to take all relevant steps as may be deemed expedient by him for giving effect to this resolution for and on behalf of the Company."

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

"RESOLVED THAT pursuant to Section 17 and all other applicable provisions, if any, of the Companies Act, 1956 read with BIFR order issued on 25/08/2003 and subject to approval of the Company Law Board, Southern Region Bench, Chennai, the Registered Office of the Company be shifted from its existing address of Survey No.323, Gundlamachur Village, Hathnoora Mandal, Medak, Pin: 502296, **from the State of Andhra Pradesh** to 'H' Wing, 4<sup>th</sup> Floor, Tex Centre, Narayan Properties, Chandivli, Off Saki Vihar Road, Andheri (E), Mumbai: 400 072 **in the State of Maharashtra** and the following new **Clause II** be substituted in the place of the existing Clause II:

II. The registered office of the Company will be situated in the **STATE OF MAHARASHTRA** within the jurisdiction of the Registrar of Companies, Maharashtra at Mumbai.

"RESOLVED FURTHER THAT Mr. Manoj Jain, Director of the Company, be and is hereby authorized to file the necessary Petition as required under Section 17 of the Companies Act, 1956, along with all the relevant documents and records with the Company Law Board, Southern Region Bench, Chennai, to give effect to this foregoing Special Resolution."

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

"RESOLVED THAT in super cession of all the earlier resolutions passed by the Company, pursuant to section 293(1)(d) of the Companies Act, 1956

and all other enabling provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of moneys 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 total amount of money/moneys so borrowed by the Board shall not at any time exceed the limit of Rs.100.00 Crores."

FOR AND ON BEHALF OF THE  
BOARD OF DIRECTORS:

SD/-  
T. MALLIKARJUNA REDDY  
CHAIRMAN.

Place : Gundlamachur, Medak Dt.  
Date : September 15th, 2003



**NOTES:**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.

- 2) The Register of Members and Share Transfer Books of the Company will remain closed from, **Friday, October 24, 2003 to Tuesday, October 28, 2003** (both days inclusive.)
- 3) The Members are requested to note that as the dues for unpaid/unclaimed dividend, etc, for the financial year 1996-97 will be due for transfer to Investor Grievance and Protection Fund, the relevant dividend warrants, if any, be revalidated by them.
- 4) Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
- 5) All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & public holidays between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.
- 6) For convenience of members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as 'proxy'.

- 7) IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTORS' REPORT & AUDITOR'S REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.
- 8) Members are requested to bring their copies of the reports to Annual General Meeting.
- 9) Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith share certificates to the Company.
- 10) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 5 to 18 of the notice set out is annexed hereto.
- 11) The transactions at serial No.17 & 18 of this notice require consent of shareholders through postal ballot.
- 12) In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/correspondence, if any, directly to:

**Sathguru Management Consultant (P) Ltd.**  
Unit: MERVEN DRUG PRODUCTS LTD.  
Plot No.15, Hindi Nagar Colony,  
Punjagutta, Hyderabad: 500 034.

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

**ITEM NOS. 5 & 6.**

The present Authorised Capital of the Company is Rupees Twenty Crores. It is now proposed to subdivide the Authorized Capital in the manner as set out in the item No.5 of the Notice in accordance with Section 16 and 94 of the Companies Act, 1956, The subdivision of the Authorised Capital is required to enable the Company to issue Preference Shares to the Banks/ Financial Institutions/Foreign Financial Institutions, etc., or other persons from the external resources for raising the finance.

The alteration of the capital clause of the Memorandum of Association and Article 2 of the Articles of Association of the Company as set out in Item No.6 of the Notice are purely consequential to the subdivision of the Authorised Capital of the Company.

None of the Directors of the Company is, in anyway concerned or interested in the said resolutions.

The Directors recommend the resolutions for approval of the shareholders.

**ITEM NO.7.**

The Members of the Company are requested to note that pursuant to the Scheme of Arrangement entered into between the Company and ARCH COMMERZ PRIVATE LIMITED (hereinafter referred to as the said Transferor Company) has been approved and also have been sanctioned by **Board for Industrial and Financial Reconstruction (BIFR)** pursuant to the Sick Industrial Companies (Special Provisions) Act, 1985 vide its Order issued on 25/08/2003, the total Issued and Subscribed and Paid-up Capital comprising of 81,00,000 Equity Shares of Rs.10/- each, 76,95,000 Equity Shares of Rs.10/- each be cancelled and such reduction be affected by canceling the issued, subscribed and paid-up capital of the Transferee Company by Rs.9.50 per Equity Shares of Rs.10/- each and simultaneously with the reduction of Equity Shares Capital as aforesaid, 20 Equity Shares of Rs 0.50 paise each fully paid up of the Transferee Company shall be consolidated into 1 Equity Shares of Rs.10/- each fully paid up, consequently making the aggregating to total Issued and Subscribed of Rs.40,50,000/- divided into 405000 Equity Shares of Rs.10/- each.

Mr.Ajit Kamath and Mr.Manoj Jain being the Common Directors of both the Companies may be deemed to be concerned or interested in the resolution by virtue of their Common Directorship in both the Company.

The said Special Resolution is recommended for your approval.

**ITEM NO.8.**

As the Members of the Company are aware that at the Extra-Ordinary General Meeting of the Company held on June 27, 2003 at its Registered Office the Scheme of Arrangement entered into between the Company and ARCH COMMERZ PRIVATE LIMITED (hereinafter referred to as the said Transferor Company) has been approved and also have been sanctioned by **Board for Industrial and Financial Reconstruction (BIFR)** pursuant to the Sick Industrial Companies (Special Provisions) Act, 1985 vide its Order issued on 25/08/2003. (A copy of the same is available for verification at the Registered Office of the Company), the further consent of the Company is hereby required to be given to the Board of Directors of the Company to issue and allot either for cash and for consideration other than cash at par 87;33,700 Equity Shares of Rs.10/- each aggregating to Rs.873.37 Lakhs in one or more tranches to the persons whether they are the existing members of the Company or not and the said allotment and listing shall be subject to compliance of such terms and conditions as may be prescribed by The Central Listing Authority and the Hyderabad Stock Exchange Limited, Madras Stock Exchange Limited and The Stock Exchange, Mumbai and other requisite consents and approvals, if any and as stated in proposed Special Resolution.

The proposed Special Resolution is designed to comply with the requirements of Section 81 and Section 81(1A) of the Companies Act, 1956 in the context of issue and allotment of Shares of the Company to the members of the Transferor monitor the implementation of the said acts as envisaged in the said Scheme of Arrangement.

Mr.Ajit Kamath and Mr.Manoj Jain, being the Common Directors of both the Companies may be deemed to be concerned or interested in the resolution by virtue of their Common Directorship in both the Company.

The said Special Resolution is recommended for your approval.

**ITEM NO.9.**

It is proposed by the **Board of Directors** of the Company to issue **Equity/Preference** shares as an instrument for long term **financing** of Company's future financial needs. Since it will also strengthen the Company's Equity Base, it is proposed to issue these Equity/Preference shares of the Company on private placement to individuals, body corporates, Institutional Investors, FIs, Mutual funds, Venture Capital funds etc. in one or more tranches to the persons whether they are the existing members of the Company or not and the said allotment and listing shall be subject to