



Bata

ANNUAL REPORT 2003

BATA INDIA LIMITED**Board of Directors**

C Salameh	<i>Chairman up to April 16, 2004</i>
P M Sinha	<i>Chairman w.e.f. April 16, 2004</i>
S J Davies	<i>Managing Director</i>
P K Nag	<i>Dy. Managing Director w.e.f. April 16, 2004</i>
J Singh	<i>Director — Marketing & Commercial</i>
V Narayanan	
A K Thakur	<i>Nominee of U.T.I. w.e.f. December 11, 1996</i>
N Kumar	
M G V Middleton	<i>Resigned w.e.f. July 07, 2003</i>
P K Khaitan	<i>Resigned w.e.f. February 10, 2004</i>
A L Mudaliar	<i>Resigned w.e.f. March 10, 2004</i>
C Morzaria	<i>Resigned w.e.f. March 10, 2004</i>

Audit Committee

V Narayanan	<i>Chairman</i>
P M Sinha	<i>Member</i>
A K Thakur	<i>Member</i>
C Salameh	<i>Member</i>

Remuneration Committee

P M Sinha	<i>Chairman</i>
A K Thakur	<i>Member</i>
C Salameh	<i>Member</i>

Shareholders' Grievance Committee

A K Thakur	<i>Chairman</i>
P K Nag	<i>Member</i>

Vice-President & Company Secretary

A B Anand

Executive Committee

S J Davies
P K Nag
J Singh
E Tonolli
D Boerma
AHM Ehsanuzzaman
S Sen

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Auditors

S R Battliboi & Co.
Chartered Accountants

Cost Auditors

S Gupta & Co.
Cost Accountants
433, Marshall House
33/1, Netaji Subhas Road
Kolkata 700 001.

Bankers

State Bank of India
ICICI Bank Ltd.
HDFC Bank Ltd.

Solicitors

Khaitan & Co.

Registrar

A Banerjee
E-mail : sharedept@bataindia.com

Share Transfer Agents

AMI Computers India Ltd.
60A & B, Chowringhee Road
Kolkata 700 020.
Telephone : (033) 2280-0900/0812
Fax : (033) 2240-6585
E-mail : amicomputers@vsnl.com

Registered Office

6A, S.N. Banerjee Road
Kolkata 700 013.
Telephone : (033) 2244-3416-18/0456
Fax : (033) 2227-7418
E-mail : batacal@bataindia.com
Website : www.bataindia.com



BATA INDIA LIMITED

Registered Office: 6A, S.N. Banerjee Road, Kolkata - 700 013.

NOTICE FOR CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventy-first Annual General Meeting of the Members of Bata India Limited will be held on Thursday, June 17, 2004 at 10.30 a.m. at KALAMANDIR, 48, Shakespeare Sarani, Kolkata 700 017, to transact the following business :

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended December 31, 2003, the Balance Sheet as on that date and Directors' and Auditors' Report thereon.
2. To elect Directors in place of those who retire by rotation. Mr V Narayanan and Mr A K Thakur retire by rotation and being eligible, offer themselves for re-election.
3. To appoint Auditors and to fix their remuneration and to pass, with or without modification, the following resolution, which will be proposed as an Ordinary Resolution.

"RESOLVED that Messrs. S.R. Batliboi & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that the Audit Committee of the Board of Directors be and is hereby authorised to determine the remuneration payable to the Company's Auditors."

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions :

4. (As Ordinary Resolution)

"RESOLVED that Dr Nirmalya Kumar be and is hereby appointed a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."

5. (As Ordinary Resolution)

"RESOLVED that Mr Constantin Salameh be and is hereby appointed a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."

6. (As Ordinary Resolution)

"RESOLVED that Mr P M Sinha be and is hereby appointed a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."

7. (As Special Resolution)

"RESOLVED that the Company do hereby accords its approval under section 314(1) and all other applicable provisions of the Companies Act 1956 to the appointment and payment of remuneration of Mr Ayan Thakur, a relative of Mr A K Thakur who is a Director on the Board of the Company."

"RESOLVED further that necessary authority be and is hereby given to the Management / Managing Director to approve such higher remuneration to be paid to Mr Ayan Thakur as it may be considered to be fit and proper in the best discretion of the Management /Managing Director, provided that such remuneration falls within the overall ceiling / limit laid down by the Central Government from time to time."

8. (As Special Resolution)

"RESOLVED that pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956, SEBI (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as Delisting Guidelines) and all other applicable laws, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions



and sanctions, which may be agreed to by the Board of Directors of the Company ("the Board") (which term shall deem to include any Committee thereof), consent of the Company be and is hereby accorded to the Board to voluntarily de-list the equity shares of the Company from the Stock Exchange at Kolkata."

"RESOLVED further that the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise with respect to the aforesaid voluntarily delisting of shares as it may in its absolute discretion deems fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution."

"RESOLVED further that the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its committees or any of the Directors of the Company to do all such acts, deeds or things to give effect to and enforce the aforesaid resolution."

9. (As Ordinary Resolution)

"RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecation in addition to the existing mortgages / charges created by the Company in such form and manner as the Board may direct on such assets, both movable and immovable, of the Company wherever situated, both present and future, together with the power to take over the management of the Company in certain events, to or in favour of the Banks / Lending Institutions for loans raised or to be raised by the Company in accordance with the relevant statutory provisions and guidelines issued in that behalf, as the case may be, to secure Term Loan / Corporate Loan not exceeding Rs.600 Million (hereinafter referred to as "the borrowings") together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges and other monies payable by the Company in respect of the said borrowings and other monies including any increase as a result of devaluation/revaluation of aforesaid Financial Assistance under the respective documents entered into/to be entered into by the Company in respect of the said borrowings."

"RESOLVED further that the Board of Directors of the Company be and is hereby authorised to finalise the terms and conditions of the borrowings and the documents for creating the mortgages/charges/hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to settle all questions, difficulties or doubts that may arise with respect to creating the mortgage / charge / hypothecation and to execute all such documents and writings as it may consider necessary, for the purpose of giving effects to this Resolution."

10. (As Ordinary Resolution)

"RESOLVED that in continuation of the resolution passed at the Annual General Meeting held on 16th May, 1994, consent of the Company be and is hereby accorded in terms of Clause (d) of Sub-Section (1) of Section 293 of the Companies Act, 1956, to borrowings from time to time by the Board of Directors of the Company, for the purposes of the Company's business, notwithstanding that the monies so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves which have not been set apart for any specific purpose, but so that the total amount of monies borrowed and to be so borrowed and outstanding at any one time shall not exceed Rs. 1,000 million."

11. (As Special Resolution)

"RESOLVED that subject to the approval of the Central Government, if required and such other consents, permissions and approvals as may be required, and pursuant to the provisions of Sections 198, 309, 310 and 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as "the Act") read with Schedule XIII of the Act, the Company hereby accords its approval to the payment of enhanced remuneration to Mr S J Davies, Managing Director by way of Fixed Salary as set out in the Explanatory Statement which shall be payable, if approved, to him with effect from January 01, 2004."

"FURTHER RESOLVED that in the event where in any financial year during the currency of tenure of Mr Davies, the Company has no profits or its profits are inadequate it may pay a remuneration to Mr Davies, the total of which may exceed the ceiling limit as specified in Section II Part II(B) of Schedule XIII of the Act."

"FURTHER RESOLVED that all other terms and conditions of Mr Davies's appointment as contained in his Agreement

with the Company and in the Notice and Explanatory Statement which has been approved by the shareholders at the 70th Annual General Meeting of the Company held on June 27, 2003 shall remain in full force."

12. (As Special Resolution)

"RESOLVED that subject to the approval of the Central Government, if required and such other consents, permissions and approvals as may be required, and pursuant to the provisions of Sections 198, 309, 310 and 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as 'the Act') read with Schedule XIII of the Act, the Company hereby accords its approval to the payment of enhanced remuneration to Mr P K Nag, Dy. Managing Director by way of Fixed Salary as set out in the Explanatory Statement which shall be payable, if approved, to him with effect from January 01, 2004."

"FURTHER RESOLVED that in the event where in any financial year during the currency of tenure of Mr Nag, the Company has no profits or its profits are inadequate it may pay a remuneration to Mr Nag, the total of which may exceed the ceiling limit as specified in Section II Part II(B) of Schedule XIII of the Act."

"FURTHER RESOLVED that all other terms and conditions of Mr Nag's appointment as contained in his Agreement with the Company and in the Notice and Explanatory Statement which has been approved by the shareholders at the 70th Annual General Meeting of the Company held on June 27, 2003 shall remain in full force."

13. (As Special Resolution)

"RESOLVED that subject to the approval of the Central Government, if required and such other consents, permissions and approvals as may be required, and pursuant to the provisions of Sections 198, 309, 310 and 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as 'the Act') read with Schedule XIII of the Act, the Company hereby accords its approval to the payment of enhanced remuneration to Mr Jaswant Singh, Director – Marketing & Commercial by way of Fixed Salary as set out in the Explanatory Statement which shall be payable, if approved, to him with effect from January 01, 2004."

"FURTHER RESOLVED that in the event where in any financial year during the currency of tenure of Mr Singh, the Company has no profits or its profits are inadequate it may pay a remuneration to Mr Singh, the total of which may exceed the ceiling limit as specified in Section II Part II(B) of Schedule XIII of the Act."

"FURTHER RESOLVED that all other terms and conditions of Mr Singh's appointment as contained in his Agreement with the Company and in the Notice and Explanatory Statement which has been approved by the shareholders at the 70th Annual General Meeting of the Company held on June 27, 2003 shall remain in full force."

By Order of the Board

Kolkata,
April 16, 2004.

A B ANAND
Vice-President & Company Secretary

NOTES

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
3. The Share Transfer Books and Register of Members of the Company will remain closed from May 31, 2004 to June 17, 2004 (both days inclusive).
4. Members are requested to produce the enclosed Attendance Slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission to the meeting hall.



5. Members, who hold shares in de-materialised form are requested to bring their client I.D and DP ID Nos. for easier identification of attendance at the meeting.
6. A member desirous of getting any information on the accounts or operations of the Company, is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
7. Members holding shares in physical form are requested to notify immediately any change in their address and Bank particulars to the Company or its Share Transfer Agents and in case their shares are held in dematerialised form, this information should be passed on directly to their respective Depository Participants and not to the Company /STA, without any delay.
8. In all correspondence with the Company, members are requested to quote their account/folio numbers and in case their shares are held in the dematerialised form, they must quote their DP I.D and Client I.D. Number.
9. Members holding shares in physical form can now avail the facility of nomination in respect of shares held by them pursuant to the amendment in the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Share Department of the Company. Members desiring to avail this facility, may send their Nomination Form duly filled in, to the Company or its Share Transfer Agents by quoting their respective Folio Numbers.
10. Investors/Shareholders are requested to kindly note that if physical documents viz Demat Request Forms (DRF) and Share Certificates etc. are not received from their DP's by the Registrar within a period of 15 days from the date of generation of the DRN for dematerialisation, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of National Securities Depository Limited (NSDL) so that no demat request remains pending beyond a period of 21 days. Upon rejection/cancellation of the DRN, a fresh DRF has to be forwarded along with the Share Certificates by the DP's to the Registrar. This note is only to caution investors/shareholders that they should ensure that their DP's do not delay in sending the DRF and share certificates to the Registrar after generating the DRN.
11. Information u/s. 205A read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 as amended is given below :
 - (i) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31.12.1993 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, 234/4, A.J.C Bose Road, Kolkata 700 020, by submitting an application in the prescribed Form.
 - (ii) Consequent upon amendment of Section 205A, of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend for the subsequent years remaining un-paid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31.12.1998 and onwards, are requested to claim the amount forthwith from the Company.

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

ITEM NO. 2

(A) Re-election of Mr V Narayanan (64) (Resume)

He is the former Chairman and Managing Director of Pond's (India) Limited. He is a product of the Lawrence School at Lovedale and the Loyola College, Madras. Mr Narayanan began his career in 1959 as a Management Trainee in Hindustan Lever Limited (HLL). In his ten years with HLL he specialised in Sales and Marketing, both in India and in the UK. He joined Chesebrough Pond's Inc in 1968 as its Marketing Director and became Chairman and CEO of Pond's (India) Ltd. in 1978. After his retirement from Pond's, Mr Narayanan is on the Board of several leading companies.

The Board recommends the re-election of Mr V Narayanan as a Director of the Company.

None of the Directors are concerned or interested in the re-election of Mr Narayanan.

Mr Narayanan may, however, be deemed to be concerned or interested in this resolution to the extent of his re-election to the office of a Director on the Board of this Company.

(B) Re-election of Mr A K Thakur (62) (Resume)

Mr A K Thakur is a B Com from Calcutta University and a Chartered Accountant. He is the former Executive Director of Unit Trust of India. He has worked in almost all the key areas of Unit Trust of India and actively participated in formulating various corporate policies, procedures and strategic decisions.

His major strength lies in the vast experience and knowledge of working in a senior level, spanning over 8 years as an Executive Director.

The Board recommends the re-election of Mr A K Thakur as a Director of the Company.

None of the Directors are concerned or interested in the re-election of Mr A K Thakur.

Mr Thakur may, however, be deemed to be concerned or interested in this resolution, to the extent of his re-election to the office of a Director on the Board of this Company.

ITEM NO. 4

At a meeting of the Board of Directors of the Company held on July 31st 2003, Dr Nirmalya Kumar (43) was appointed as an Additional Director in terms of the provisions of the Companies Act and Article 79 of the Articles of Association of the Company.

Dr Nirmalya Kumar is an MBA from the University of Illinois at Chicago and PhD in marketing from Kellogg Graduate School of Management. He is an eminent scholar and authored many world-renowned books and articles including the award winning notes easyJet: The Web's Favorite Airline.

He is presently the Professor of Marketing and Co-Director, Aditya V Birla Centre and Director, Centre for Marketing London Business School. He was formerly the Professor of Marketing at IMD-International Institute for Management Development, Lausanne, Switzerland. Dr Kumar previously taught at Harvard Business School, London Business School and Northwestern University.

He is on the Board of Zensar Technologies.

He brings with him a rich experience and expertise gathered from travelling over more than 35 different countries as a coach, seminar leader, speaker on marketing strategy, retailing, distribution, and e-commerce. He has worked for various Companies like, IBM, Sra Lee, Akzo-Nobel, AOL, Siebel etc.

Dr Kumar's candidature for Directorship of the Company has been proposed by a shareholder pursuant to Section 257 of the Companies Act, 1956 along with a deposit of Rs 500/-. The Board considers that the Company will benefit from the association of Mr Kumar, and recommends the resolution for your approval.

The notice of the shareholder received by the Company, pursuant to Section 257 of the Companies Act, 1956 referred to above is available for inspection during office hours.



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

Dr Kumar may, however, be deemed to be concerned or interested in this resolution and his appointment.

ITEM NO. 5

At a meeting of the Board of Directors of the Company held on March 10, 2004, Mr Constantin Salameh (47) was appointed as an Additional Director in terms of the provisions of the Companies Act and Article 79 of the Articles of Association of the Company.

Mr Salameh has worked for 19 years with Hewlett Packard, which he joined in 1984. He has worked in a number of senior management position in this Company in sales, marketing and financial services in Europe and Asia Pacific. The last two positions held in Hewlett Packard were Vice-President and Managing Director of Financial Services in Asia Pacific (1996-1999) and in Europe, Middle East and Africa (2000-2003) with full P & L responsibilities for a US\$ 2.5 billion financing business.

Mr Salameh completed his University degrees from King's College, England (B.Sc Engg. with 1st class honours in 1979), M.Sc. Engg. from M.I.T. in 1980 and his MBA from Stanford University (USA) in 1984. His board affiliations are with Pharmalat International, the American University of Beirut and the University of Geneva. Mr Salameh frequently addresses external audiences – including the Management Centre Europe, Euromoney, International Technology Management, Asia International and World Bank Conferences on operational aspects of captive finance entities, business planning and financial management practices from a global perspective.

Mr Salameh's candidature for Directorship of the Company has been proposed by a shareholder pursuant to Section 257 of the Companies Act, 1956 along with a deposit of Rs 500/-. The Board considers that the Company will benefit from the association of Mr Salameh, and recommends the resolution for your approval.

The notice of the shareholder received by the Company, pursuant to Section 257 of the Companies Act, 1956 referred to above is available for inspection during office hours.

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

Mr Salameh may, however, be deemed to be concerned or interested in this resolution and his appointment.

ITEM NO. 6

At a meeting of the Board of Directors of the Company held on April 16, 2004, Mr P M Sinha (63) was appointed as an Additional Director in terms of the provisions of the Companies Act, 1956 and Article 79 of the Articles of Association of the Company.

Mr Sinha is the former CEO of Pepsi Cola International South Asia and was the Chairman of Pepsico India Holdings and President of Pepsi Foods Limited. He was also on the Management Committee & Director of Hindustan Lever Limited for eleven years, before he joined Pepsico in 1992. He is currently on the Boards of ICICI Bank, Wipro Limited, Indian Oil Corporation Limited, Lafarge India Pvt. Limited, Azim Premji Foundation Pvt. Ltd. and on the Board of Governors of Management Development Institute, Gurgaon.

Mr Sinha's candidature for Directorship of the Company has been proposed by a shareholder pursuant to Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/-. The Board considers that the Company will benefit from the association of Mr Sinha, and recommends the resolution for your approval.

The notice of the shareholders received by the Company pursuant to Section 257 of the Companies Act, 1956 referred to above, is available for inspection during office hours.

None of the Directors are concerned or interested in the resolution. Mr Sinha may, however, be deemed to be concerned or interested in this resolution and his appointment.

ITEM NO. 7

Under Section 314 of The Companies Act, 1956, a Special Resolution is required for appointment and payment of remuneration to a relative of a Director as defined under Section 6 of the Companies Act 1956. Mr Ayan Thakur has been appointed as the Assistant Sales Manager of the Company with effect from October 20, 2003 on a monthly remuneration of Rs. 10,500 in the time scale of Rs. 4,000 –12,000. He will also be entitled to the usual benefits perquisites which is payable to all employees in the same grade. Since Mr Ayan Thakur happens to be the son



of Mr A K Thakur, a Director on the Board of your Company, this resolution is being taken to comply with the necessary provisions of the Companies Act. Your approval is also being taken for the present appointment and remuneration and also for the enhanced remuneration which may be paid to Mr Ayan Thakur within the overall ceiling / limit as may be fixed by the Central Government from time to time.

Mr A K Thakur may be deemed to be concerned or interested in the resolution.

No other Director is interested in this resolution.

The Board recommends passing of the resolution.

ITEM NO. 8

The equity shares of the Company are presently listed on The Stock Exchange Mumbai (BSE), National Stock Exchange of India Ltd.(NSE) and The Calcutta Stock Exchange Association Limited (CSE).

It has been observed that the bulk of the trading in the Company's equity shares takes place on BSE & NSE. The trading in other stock exchange i.e. CSE is very nominal because of the expansion of BSE and emergence of NSE with their extensive networking. The investors/members have access to online dealings in the Company's equity shares on the trading terminals provided by NSE & BSE.

The Company has been spending a considerable amount on listing fees, advertisement in newspapers pursuant to listing agreements. Further, the compliances, reportings and approvals under the listing agreements get multiplied and because of these multiple requirements to be complied with for each Stock Exchange separately, some of the Corporate Actions get delayed. The investors or the shareholders of the Company do not get any additional benefit by continuing the listing of the equity shares on the CSE.

The Securities and Exchange Board of India (De-listing of Securities) Guidelines 2003 permits companies to voluntarily de-list their securities, provided that the shares continue to be listed on one or more stock exchanges having nationwide trading terminals.

Therefore, the Company proposed to continue the listing of the Company's equity shares only at NSE and BSE and to delist the same from the CSE subject to the company's complying the various provisions of SEBI (Delisting of Securities) Guidelines, 2003 and obtaining requisite approvals, permissions and sanctions from appropriate authorities.

Under the SEBI (Delisting of Securities) Guidelines, 2003, the aforesaid proposal requires approval of shareholders by a Special Resolution.

The Board recommends the passing of this resolution.

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

ITEM NO. 9

In the normal course of its business, the Company from time to time is required to avail term loans and or to issue bonds or other instruments (hereinafter referred to as "the borrowings"). A charge on the assets/properties of the Company, both present and future, is normally given as security for such borrowings. As the documents to be executed for the creation of such charges / mortgages from time to time to secure such borrowings, may contain the power to take over the management of the Company in certain events, it is necessary for the shareholders to pass a resolution under section 293(1)(a) of the Companies Act, 1956, for the creation of the mortgage/charge as set out in this resolution.

The proposed borrowings envisage securing a Term Loan / Corporate Loan for financing the restructuring activities of the Company to make its operations viable.

The Board recommends the passing of this resolution.

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