



**BHAGERIA PYE-CHEM LIMITED**

**22ND ANNUAL REPORT 2010-2011**



## 22nd Annual Report 2010-11

### BOARD OF DIRECTORS

<b>Mr. Suresh Bhageria</b>	-	Chairman
<b>Mr. Vinod Bhageria</b>	-	Managing Director
<b>Mr. O.P. Bubna</b>	-	Director
<b>Mr. P.S. Dalvi</b>	-	Director
<b>Dr. Shyam Agrawal</b>	-	Director

### AUDITORS

#### **M/s. SARDA & PAREEK**

Chartered Accountants  
Mahavir Appartment, 3rd Floor,  
598 M.G.Road, Near Suncity Cinema  
Vile Parle (East), MUMBAI - 400 057.

### SHARE TRANSFER AGENT

#### **(PHYSICAL & DEMAT)**

SHAREX DYNAMIC (INDIA) PVT. LTD.  
Unit No.1, Luthra Ind. Premises,  
Andheri Krula Road, Safed Pool,  
Andheri (East), MUMBAI - 400 072.

### REGISTERED OFFICE

A-101, Virwani Ind. Estate.  
Western Express Highway,  
Goregaon (East)  
MUMBAI- 400 063.  
Tel no. (022) 40436666/29271198  
Web Site: [www.bhageriagroup.com](http://www.bhageriagroup.com)

### WORKS

Plot No.6310, IV Phase,  
G.I.D.C Vapi - 396 195. GUJARAT  
Tel no. (0260) 2452366

### BANKERS

**ORIENTAL BANK OF COMMERCE**

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### ANNUAL GENERAL MEETING

Date : 20th August, 2011  
Time : 11.00 A.M.  
Venue : Lalit Restaurant Hali, Near Rly. Station,  
Goregaon(West), Mumbai - 400 062.

### BOOK CLOSURE :

**17TH AUGUST, 2011**

**to**

**19TH AUGUST, 2011  
(BOTH DAYS INCLUSIVE)**

## Mission Statement

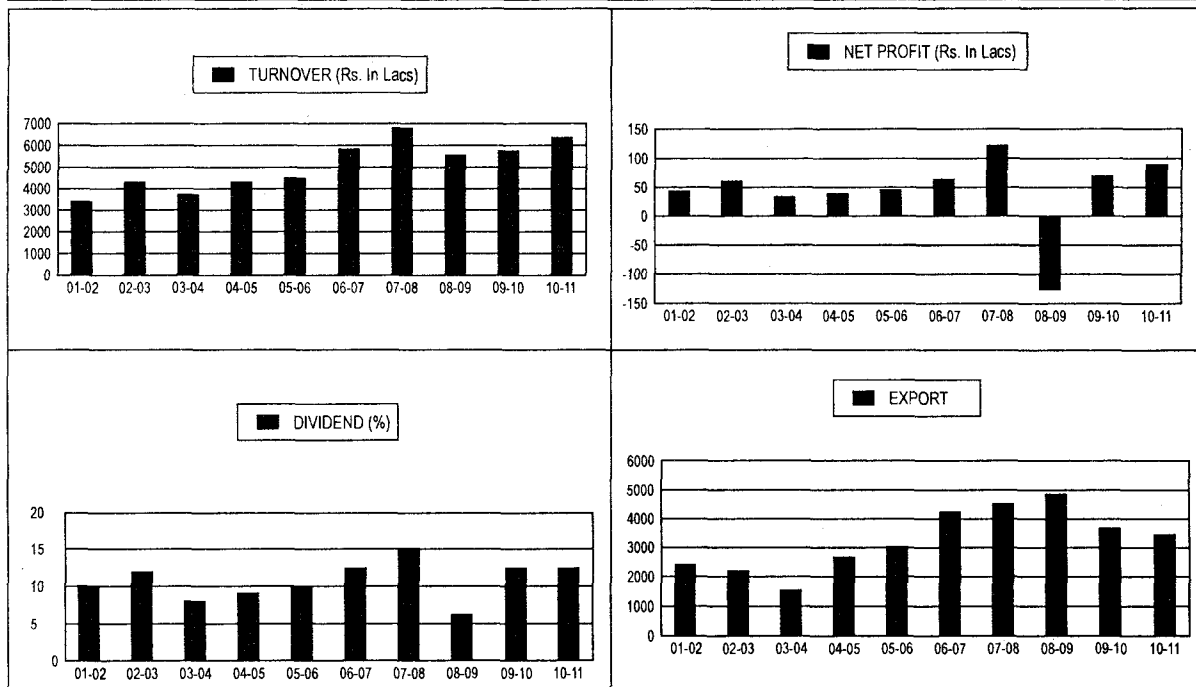
Bhageria, **A CUSTOMER DRIVEN COMPANY**, will continuously improve upon the services rendered to customers, meet customers needs in the shortest lead time, develop new Dyes & intermediates for newer application areas and will continue to enjoy privileged status as a **PREFERRED SUPPLIER**.

Bhageria, **A SHAREHOLDER DRIVEN COMPANY**, will remain focused only in the areas of its Core Competency, Emphasis on the Quality of Business rather than the size of the business, Maintain Profit Related Growth Policy, Implement Corporate Governance regarding Shareholders Wealth Creation to be the key driver of all actions and policies of the Company and its people.

Bhageria, **A BRAND DRIVEN COMPANY**, will maintain and improve upon **BHAGERIA** Brandname, and will create **BHAGERIA** Brand awareness in International Markets through Export of Quality Products.

Bhageria, **A PEOPLE DRIVEN COMPANY**, will train, empower and create a superior pool of intellect, capable of leading its innovation drive.

Bhageria, **AN ENVIRONMENT FRIENDLY COMPANY**, will continue to adhere to environment friendly manufacturing process and set new standards in fighting pollution.



## FINANCIAL HIGHLIGHTS

Rs. in Lacs

PROFITABILITY	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Net Sales & Operating Revenues	6,162.32	5,643.18	5,386.31	6,537.38	5,787.63	4,432.85	4,294.59	3,577.45	4,282.34	3,605.48	3,335.68
Operating Profit	357.92	287.00	(41.51)	357.57	237.53	194.73	167.28	135.11	226.35	168.73	225.58
Other Income	14.54	0.32	68.06	13.89	2.81	2.57	1.11	1.23	0.63	1.80	2.32
Interest Charges	64.54	113.57	113.83	95.91	71.93	48.18	25.79	25.28	58.34	68.12	63.86
Depreciation	68.24	72.75	84.17	84.02	71.93	77.43	86.28	77.52	70.22	63.85	60.04
PBT & Extraordinary Items	289.68	101.00	-171.44	191.53	96.48	71.69	56.32	33.54	98.42	38.56	104.00
Current Tax	124.30	16.00	0.00	56.57	31.25	33.00	19.50	9.00	23.60	1.18	-
Deferred Tax	25.09	27.52	-56.24	11.00	3.17	(7.73)	(0.51)	3.61	6.14	0.62	-
Provision for FBT	0.00	0.00	2.76	2.73	3.42	3.67	-	-	-	-	-
Net Profit	90.29	57.48	-117.95	121.23	62.06	42.75	37.33	32.06	68.68	36.76	104.00
Dividend	41.55	41.55	20.78	51.94	41.55	34.63	31.17	27.70	41.56	34.63	34.63
Tax on Dividend	6.9	7.06	3.53	8.83	7.06	4.85	4.29	3.55	5.32	-	3.53
Dividend Payout	48.45	48.61	24.31	60.77	48.61	39.48	35.46	31.25	46.88	34.63	38.16
Retained Profit	41.84	8.87	(147.86)	34.92	13.45	3.27	1.87	0.81	21.80	2.13	65.84
Forex Earnings on Exports	3215.57	3576.28	4789.33	4531.91	4285.89	2,962.67	2,589.96	1,436.46	2,194.89	2,338.47	1,927.06
<b>BALANCE SHEET</b>											
Gross Fixed Assets	1,254.69	1,278.51	1,362.57	1,352.68	1,266.93	1,143.02	1,132.53	1,032.92	952.37	811.74	765.01
Net Fixed Asset	496.89	415.98	468.15	532.09	502.77	442.46	501.20	483.88	480.80	393.03	408.22
Investments	-	-	4.94	4.94	-	-	-	-	4.82	17.28	40.74
Net Current Assets	2,593.90	1,684.43	1,298.89	2,012.94	1,189.63	1,287.20	889.76	1,034.28	798.22	931.67	812.80
Capital Employed	1783.62	954.29	1,771.96	2,549.97	1692.4	1,729.67	1,390.96	1,518.16	1,283.84	1,341.98	1,261.76
Loan Fund	1,249.35	1,113.41	854.31	1,452.52	640.86	694.75	351.58	483.44	256.94	346.52	272.55
Deferred Tax Liability	57.81	32.71	5.19	61.44	50.44	47.27	55.00	55.51	51.89	45.75	-
Net Worth	1,783.62	954.29	912.46	1,036.01	1,001.10	987.65	984.38	979.21	975.01	949.71	989.21

# Bhageria Dye Chem Ltd.

## FINANCIAL HIGHLIGHTS

Rs. in Lacs

PROFITABILITY	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Net Worth represented by:-											
Share Capital	346.28	346.28	346.28	346.28	346.28	346.28	346.28	346.28	346.28	346.28	346.28
Reserve & Surplus	649.85	608.01	566.18	689.74	654.82	641.37	638.10	632.93	628.73	603.43	642.93
Book Value per Share	51.51	27.56	26.35	29.92	28.91	28.52	28.43	28.28	28.16	27.43	28.57
Market Price of Share(Rs.)	28.10	23.85	14.50	24.3	13.5	13.49	24.05	12.92	14.85	10.00	7.25
Capital Expenditure	135.25	24.47	37.42	117.40	135.04	21.40	104.13	83.21	170.39	49.51	80.22
Market Capitalisation											
(at year end share price)	973.03	825.87	502.10	841.45	467.47	467.12	832.79	447.39	514.22	346.28	251.05
<b>RATIOS &amp; STATISTICS</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>	<b>2004-05</b>	<b>2003-04</b>	<b>2002-03</b>	<b>2001-02</b>	<b>2000-01</b>
Operating Margin %	5.81	5.09	-0.77	5.47	4.10	4.39	3.90	3.78	5.29	4.68	6.76
Net Margin %	1.47	1.02	(2.19)	1.85	1.07	0.96	0.87	0.90	1.60	1.02	3.12
Interest Cover											
(EBITDA/Interest) Times	5.77	2.53	0.23	3.87	3.34	4.10	6.53	5.39	3.89	2.50	3.57
Pre-tax Interest Cover											
(EBIT/Interest) Times	4.71	1.89	(0.51)	3.00	2.34	2.49	3.18	2.33	2.69	1.57	2.63
ROACE %	5.06	6.02	(6.66)	4.75	3.67	2.47	2.68	2.11	5.35	2.74	8.24
Net Sales / Total Assets Times	1.54	1.57	3.04	2.56	3.42	2.56	3.09	2.36	3.34	2.69	2.64
Debits Equity Ratio Times	0.70	1.17	0.94	1.40	0.64	0.70	0.36	0.49	0.26	0.36	0.28
DPS Rs	1.20	1.20	0.60	1.50	1.20	1.00	0.90	0.80	1.20	1.00	1.00
*EPS Rs	2.61	1.66	-3.41	3.50	1.79	1.23	1.08	0.93	1.98	1.06	3.00
CEPS Rs	4.88	3.76	-0.98	5.93	3.87	3.47	3.57	3.16	4.01	2.91	4.74
<b>PRODUCTION</b>											
Vinyl Sulphone MT	2860.505	2523.032	2127.449	3190.927	3187.108	2962.823	3,075.444	2,841.786	2,659.383	2,545.145	2,269.260
Acetanilide MT	1144.1	1251.501	992.15	1394.704	1700.000	1476.6	2,018.505	1,571.250	1,572.905	1,491.600	831.355

\*Basic EPS

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## ***22nd Annual Report 2010-11***

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### **NOTICE TO THE MEMBERS**

NOTICE is hereby given that the 22nd Annual General Meeting of the members of BHAGERIA DYE-CHEM LIMITED will be held on Saturday, August 20th, 2011 at 11 A. M. at Lalit Restaurant Hall, Near Railway Station, Goregaon (West), Mumbai 400 062 to transact, with or without modification(s) the following businesses :

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended March 31, 2011.
3. To appoint a Director in place of Mr. O. P. Bubna, who retires from office by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Shyam Agrawal, who retires from office by rotation, and being eligible offers himself for re-appointment.
5. To appoint M/s. Sarda & Pareek, Chartered Accountants having firm Registration No. 109262W as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

#### **SPECIAL BUSINESS:**

##### **6. AS A SPECIAL RESOLUTION:**

"RESOLVED THAT in supercession to all earlier resolutions and subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents, and sanctions, consent of the Members be and is hereby accorded pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 for re-appointment of Mr. Suresh Bhageria as Chairman of the Company on fresh terms for a period of 5 [Five] years w.e.f. April 1, 2011 at a consolidated remuneration not exceeding Rs. 1,25,000/- p.m."

"FURTHER RESOLVED THAT specific Powers be and are hereby given to the Board of Directors of the Company to decide his remuneration from time to time within the overall ceiling not exceeding Rs. 1,25,000/- p.m. and is hereby specifically approved with liberty to the board of the Company to alter and vary the terms and conditions in such manner as may be agreed to between the Board and Mr. Suresh Bhageria so as not to exceed the limits as specified in schedule XIII read with other applicable provisions, if any, of the Act or any amendments thereto or enactment thereof."

"FURTHER RESOLVED THAT the Board of Directors be and it is hereby authorised to take all such steps and do all such acts and deeds as may be necessary to give effect to the above Resolution."

FURTHER RESOLVED THAT the Board be and is hereby authorised to fix, alter and vary the terms and conditions of the appointment provided however that the remuneration payable shall not exceed the limits mentioned above and the limits specified in Schedule XIII of the Companies Act, 1956 as existing or as amended, modified or re-enacted from time to time and further in the event of sufficient profits in any year to pay maximum permissible remuneration as provided in Section 198 of the Companies Act, 1956.

##### **MINIMUM REMUNERATION:**

The remuneration as above including perquisites shall nevertheless be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the condition that the remuneration shall not without the approval of the Central Government, if required, exceed the limits specified in Schedule XIII computed on the basis of the effective capital of the Company as defined in the explanation under Para 3 of Section II to Schedule XIII of the Companies Act 1956 as in force for the time being or as amended in the future.

##### **7. AS A SPECIAL RESOLUTION:**

"RESOLVED THAT in supercession to all earlier resolutions and subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents, and sanctions, consent of the Members be and is hereby accorded pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 for re-appointment of Mr. Vinod Bhageria as Managing Director of the Company on fresh terms for a period of 5 [Five] years w.e.f. April 1, 2011 at a consolidated remuneration not exceeding Rs. 1,25,000/- p.m."

"FURTHER RESOLVED THAT specific Powers be and are hereby given to the Board of Directors of the Company to decide his remuneration from time to time within the overall ceiling not exceeding Rs. 1,25,000/- p.m. and is hereby specifically approved with

# ***Bhageria Dye Chem Ltd.***

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liberty to the board of the Company to alter and vary the terms and conditions in such manner as may be agreed to between the Board and Mr. Vinod Bhageria so as not to exceed the limits as specified in schedule XIII read with other applicable provisions, if any, of the Act or any amendments thereto or enactment thereof."

"FURTHER RESOLVED THAT the Board of Directors be and it is hereby authorised to take all such steps and do all such acts and deeds as may be necessary to give effect to the above Resolution."

FURTHER RESOLVED THAT the Board be and is hereby authorised to fix, alter and vary the terms and conditions of the appointment provided however that the remuneration payable shall not exceed the limits mentioned above and the limits specified in Schedule XIII of the Companies Act, 1956 as existing or as amended, modified or re-enacted from time to time and further in the event of sufficient profits in any year to pay maximum permissible remuneration as provided in Section 198 of the Companies Act, 1956.

## **MINIMUM REMUNERATION:**

The remuneration as above including perquisites shall nevertheless be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the condition that the remuneration shall not without the approval of the Central Government, if required, exceed the limits specified in Schedule XIII computed on the basis of the effective capital of the Company as defined in the explanation under Para 3 of Section II to Schedule XIII of the Companies Act 1956 as in force for the time being or as amended in the future.

## **8. AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT in super session of earlier resolutions passed, Consent of the Company be and is hereby accorded under the provision of Section 293 [1](d) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time any sum or sums of money for the purpose of the Company upon such terms and conditions and with or without security as the Board of Directors may at its discretion think fit notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company ( apart from the 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 however, that the total amount of such borrowing by the Board of Directors shall not at any time exceed Rs. 100 crores."

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors be and is hereby authorised to take all steps and give directions as may be necessary or desirable and to settle any question or difficulty whatsoever that may arise herein as they may in their absolute discretion deem fit."

## **9. AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT consent of the Company be and is hereby accorded 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 hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as the board may direct on such of the assets of the Company, both present and future, in such manner as the Board may direct to or in favour of all or any of the Financial Institutions/Banks/any other investing agencies/trustees for the holders of debentures/bonds/other instruments which may be issued to and subscribed by all or any other person(s)/bodies corporate by way of private placement or otherwise, to secure rupee/foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs. 100 crores together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under Agreement/Arrangements entered into/to be entered into by the Company in respect of the said loans/debentures/bonds or other instruments.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with the aforesaid parties or any of them, 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 execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution."

Registered Office:  
A/101, Virwani Industrial Estate,  
W. E. Highway,  
Goregaon [East],  
Mumbai - 400 063.  
21st, May 2011.

For and on behalf of the Board  
For BHAGERIA DYE-CHEM LIMITED

Suresh Bhageria  
Chairman

## 22nd Annual Report 2010-11

### NOTES:

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

THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a Certified True copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
4. Brief resume of all Directors proposed to be appointed / reappointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships, memberships / chairmanships for Board / Committees, shareholding and relationship between directors inter-se as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges in India, are provided in the annexure.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 17/08/2011 to 19/08/2011 (both days inclusive).
6. The dividend on Equity Shares as recommended by the Board of Directors of the Company, when approved at the Annual General Meeting of the Company will be paid on or after August 25, 2011.
7. Members are hereby informed that dividends which remain unclaimed/ unencashed over a period of 7 years have to be transferred by the Company to The Investors Education & Protection Fund, constituted by the Central Government under Section 205(A) & 205(C) of the Companies Act, 1956.

Members should note that no claim can be made by the shareholders for the unclaimed dividends which have been transferred to the credit of the Investors Education & Protection Fund of the Central Government under the amended provisions of section 205(B) of the Companies Act, 1956.

The details of dividend paid by the Company and the corresponding due dates for transfer of unencashed dividend to the aforementioned fund constituted by the Central Government are furnished hereunder:

Details of unclaimed Dividend with it's due date of transfer to Investors education and protection Fund is as below:

Sr. No.	Year ended	Date of Declaration	Due date of transfer to IEPF
1.	31.03.2004	25.09.2004	24.10.2011
2.	31.03.2005	17.09.2005	16.10.2012
3.	31.03.2006	02.09.2006	01.10.2013
4.	31.03.2007	01.09.2007	30.09.2014
5.	31.03.2008	23.08.2008	22.09.2015
6.	31.03.2009	29.08.2009	28.10.2016
7.	31.03.2010	14.08.2010	13.10.2017

Members who have not encashed the dividend warrant(s) so far in respect of the above financial years, are therefore, requested to make their claims to the Registrar of the Company or the Company at the Registered Office with full details.

8. Members desirous of seeking any information concerning the Accounts of the Company are requested to address their queries in writing to the Company at least seven days before the date of the meeting so that the requested information can be made available at the time of the meeting.
9. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting.
10. The Company has listed its shares on The Bombay Stock Exchange Limited.
11. Members holding shares in physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Transfer Agent of the Company at the address given below AND in case their shares are held in demat, this information should be passed on directly to their respective Depository Participants and not to the Company.



## ***Bhageria Dye Chem Ltd.***

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**M/S. SHAREX DYNAMIC (INDIA) PVT. LTD.**

Unit : [ BHAGERIA DYE CHEM LIMITED ]

Unit No.1, Luthra Ind. Premises, Andheri Kurla Road,

Safed Pool, Andheri (East), MUMBAI - 400 072.

Tel: 022 2851 5606 / 2851 5644

Email: sharexindia@vsnl.com

12. (a) Members are informed that in order to avoid fraudulent encashment of dividend warrants they should send to the Registrar and Transfer Agent of the Company at the address given above under the signature of the Sole/First Joint holder the information relating to Name and Address of the Banker along with the Pin Code Number and Bank Account Number to print on the Dividend Warrants.
  - (b) Members desirous of availing the facility of Electronic Credit of Dividend are requested to send ECS Form to the Registrar and Transfer Agent of the Company at the address given above.
  - (c) Members holding shares in dematerialized form and desirous to change or correct the bank account details should send the same immediately to the concerned Depository Participant. Members are also requested to give MICR Code to the Depository Participant.
  13. All documents referred to in the notice are open for inspection at the registered office of the Company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
  14. Members/Proxies holding their Shares in Physical mode are requested to fill the enclosed attendance slip and handover the same at the entrance with signature. In the absence thereof, they may not be admitted to the meeting venue.
  15. Members who are holding shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification at the meeting.
  16. In all correspondence with the Company, members are requested to quote their Folio Number and in case their shares are held in demat form, they must quote their DP ID and client ID Number.
  17. Explanatory Statement U/S. 173 of The Companies Act, 1956 is attached herewith.
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### **ANNEXURE TO THE NOTICE**

**Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956.**

**Item 6 & 7:**

Mr. Suresh Bhageria is Chairman and Mr. Vinod Bhageria is Managing Director of the Company.

It is proposed to change the terms of appointment of Mr. Suresh Bhageria and Mr. Vinod Bhageria and pay them remuneration as per the provisions contained in Schedule XIII of the Companies Act, 1956.

Remuneration committee has already cleared the proposed terms of appointment of Mr. Suresh Bhageria and Mr. Vinod Bhageria and also remuneration to be paid to them as per the provisions contained in Schedule XIII of the Companies Act, 1956.

It is also proposed to give Liberty to the Board of Directors to vary the terms so that in the event of Company earning sufficient profits in any year, the Company can pay maximum permissible remuneration as provided in Section 198 of the Companies Act, 1956.

Mr. Suresh Bhageria and Mr. Vinod Bhageria both are promoters of the Company and are associated with the Company for quite a long time.

Looking at the time and other efforts put in by Mr. Suresh Bhageria and Mr. Vinod Bhageria and the experience they have, the Board recommends the resolutions be passed by the members of the Company.

Mr. Suresh Bhageria and Mr. Vinod Bhageria may be deemed to be interested in the respective resolutions as the respective resolutions are related to each of them.

This Explanatory Statement along with the notice is and shall be deemed to be an abstract under Section 302 of the Companies Act, 1956.

**Item 8 & 9 :**

The Company, from time to time, obtains loans and financial assistance from the Financial Institutions/Banks/other lending agencies/trustees for the holders of debentures/bonds/other instruments which may be issued and the same are required to be secured by creation of mortgage/charge on the assets of the Company.

Section 293[1](a) of the Companies Act, 1956, inter alia, provides that the Board of Directors of a Public Limited Company shall not without the consent of the Company in General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. Since creation of mortgage/charge by the Company in favor of the above entities may be regarded as disposal of the assets or undertaking of the Company, it is necessary for the members to pass a resolution under Section 293[1](a) of the Companies Act, 1956.

The company is requiring funds for day to day working and also on going expansion. For these new loans are proposed to be obtained. It is therefore necessary to increase the limit to which the company can borrow funds to Rs. 100 crores.

Therefore it is necessary for members to pass the resolution under Sections 293[1](a) and Section 293[1](d) of the Companies Act, 1956.

The Board recommends the resolution to be passed.

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