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#### DIRECTORS

|                  |   |
|------------------|---|
| Dr. Sunil Gupta  | <i>Chairman &amp; Managing Director</i> |
| Mr. Ashok Gandhi | <i>Director</i>                         |
| Mr. Mayur Parikh | <i>Director</i>                         |
| Mr. Karan Gupta  | <i>Executive Director</i>               |
| Mrs. Rupal Gupta | <i>Whole-time Director</i>              |
| Mr. Chirag Mehta | <i>Director</i>                         |

#### BANKERS

Punjab National Bank

#### AUDITORS

B. T. Vora & Co.  
Chartered Accountants  
Ahmedabad - 380 009

#### HEAD OFFICE

2/F, Sumel  
S.G. Highway Road, Thaltej  
Ahmedabad - 380 059

#### REGISTERED OFFICE & WORKS

Oran 267, Tal. Prantij  
Dist. : Sabarkantha  
National Highway No. 8  
North Gujarat - 383 205

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## **NOTICE**

Notice is hereby given that the Twenty First Annual General Meeting of the Members of Bloom Dekor Limited will be held on 29th September, 2012 (Saturday) at 11.00 a.m. at the Registered Office of the Company at 267, Village Oran, Tal. Prantij, Dist. Sabarkantha, North Gujarat-383 205 to transact the following business:-

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2012 and the profit and loss account for the period ended on 31.03.2012 and Reports of Directors and Auditors thereon.
2. To declare final dividend on the equity shares for the financial year ended 31st March, 2012.
3. To appoint a Director in place of Mr. Mayur Parikh who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting and to authorize the Board of Directors to fix their remuneration. In this context, to consider and if thought fit to pass with or without modifications following as an ordinary resolution.

“RESOLVED that B.T. VORA & CO., Chartered Accountants [Firm Reg. No. 123652W] be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company.”

### **SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Ordinary Resolution:-

“RESOLVED THAT pursuant to provisions of Section 257,260 and other applicable provisions, if any of Companies Act, 1956 (including any statutory modification and re-enactment thereof for the time being in force) Mr. Ashok Gandhi who was appointed as an Additional Director with effect from 13/11/2009 be and is hereby appointed as Director of the Company liable to retire by rotation.

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

“RESOLVED THAT in accordance with the provisions of Section 198,269,309,310 read with Schedule XIII and all other applicable provisions of Companies Act, 1956 (including any statutory modification and re-enactment thereof for the time being in force) subject to any other consent if required, the consent be and hereby accorded to the re-appointment of Dr. Sunil Gupta for a period of three years w.e.f. 01.09.2011 on the terms and conditions including remuneration set out in the Agreement to be entered into between the Company and Dr. Sunil Gupta, a draft whereof is placed before this meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as “Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions of the said reappointment and / or Agreement, as may be agreed to between the Board and Dr. Sunil Gupta, so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto”.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase, alter and/or vary the remuneration and perquisites including the monetary value thereof as specified in the said draft Agreement to the extent, as the Board of Directors may consider appropriate, and as may be permitted or authorised in accordance with any provisions under the Companies Act, 1956, for the time being in force, provided however, that the remuneration payable to Dr. Sunil Gupta shall be subject to the limits as prescribed under Part II of Section II of Schedule XIII of the Companies Act, 1956 and the terms and conditions of the aforesaid Agreement between the Company and Dr. Sunil Gupta shall be suitably modified to give effect to such variation or increase as the case may be.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be deemed expedient to give effect to the above resolution”.

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:-

“RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from ₹6,25,00,000/- (Rupees Six Crore Twenty Five Lacs Only) comprising of 62,50,000 ( Sixty Two Lacs Fifty Thousand) equity shares of ₹ 10/- (Rupees ten) each to ₹ 10,00,00,000/- (Rupees Ten Crores Only) comprising of 1,00,00,000 (One Crore) equity shares of ₹ 10/- (Rupees ten) each by creation of new 37,50,000 (Thirty Seven Lacs Fifty Thousand) equity shares of ₹ 10/- each aggregating to an amount of ₹ 3,75,00,000/- (Rupees Three Crore Seventy lacs Only).

RESOLVED FURTHER THAT pursuant to provisions of section 16, Memorandum of Association of the company be altered by substituting the following clause V in place of the existing clause V.”

Clause V :

The Authorized Share Capital of the Company is ₹ 10,00,00,000/- (Ten Crores Only) divided into 1,00,00,000 (One Crore) equity shares of ₹ 10/- (Rupees Ten) each.

RESOLVED FURTHER THAT Dr. Sunil Gupta, Managing Director of the Company be and is hereby authorized to do all acts or things necessary for the said purpose.”

8. To consider and if thought fit, to pass with or without modification(s), 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 or re-enactment thereof, for the time being in force (the “Act”), and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the “SEBI ICDR Regulations”), including any amendment, modification, variation or re-enactment thereof, and the provisions of any rules/regulations/guidelines issued/framed by the Central Government, Reserve Bank of India, Foreign Investment Promotion Board, Securities and Exchange Board of India, the stock exchange where the shares of the company are listed and any other appropriate authorities (hereinafter collectively referred to as the “Appropriate Authorities”), enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the shares of the Company are listed and subject to the Company obtaining all approvals from the Appropriate Authorities; and subject to such conditions and modifications, as may be prescribed by any one of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as the “requisite approvals”), which may be agreed to by the Board of Directors of the Company (hereinafter called the “Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this Resolution), the consent, authority and approval of the Company be and is hereby accorded to the Board

- to create offer, issue, and allot on preferential allotment basis to the investor mentioned hereinafter, one warrant of Type A having aggregate value of ₹ 1,20,00,00,000/- convertible into such number of equity shares of nominal value ₹ 10 each at a price of ₹ 19.25 including premium of ₹ 9.25 per share or at the price per Share equal to the average of the weekly high and low of the closing prices of the Share quoted on the Bombay Stock Exchange during the 26 (twenty six) weeks preceding after the expiry of 17 (seventeen) months from the date of allotment of warrents, after making adjustment for any bonus issue / split / consolidation whichever is higher and
- to create offer, issue, and allot on preferential allotment basis to the investor mentioned hereinafter, another lot of 20,00,000 (Twenty lacs) warrants of Type B of ₹ 10/- each aggregating to ₹ 2,00,00,000/- convertible into one equity share of nominal value of ₹ 10 each at a price of ₹ 19.25 per share including premium of ₹ 9.25 per share at any time on or before expiration of 18 months from the date of issue in term of SEBI (ICDR Regulations) to the investor named below (the “Investor”) on preferential allotment basis, at such time or times and on such terms and conditions and in such manner as may be decided by the Board in this connection:

### Warrant- type A

| Name of the Investor       | No. of Warrants | Face Value of the warrant | Category of Investor |
|----------------------------|-----------------|---------------------------|----------------------|
| BENNETT, COLEMAN & CO. LTD | 1               | ₹ 1,20,00,000             | Non Promoter         |

### Warrant-Type B

| Name of the Investor        | No. of Warrants | Face Value of the warrants | Category of investor |
|-----------------------------|-----------------|----------------------------|----------------------|
| BENNETT, COLEMAN & CO. LTD  | 6,23,375        | ₹ 62,33,750                | Non Promoter         |
| Mr. Karan Gupta             | 3,75,000        | ₹ 37,50,000                | Promoter             |
| Tax Sum Accountancy Pvt Ltd | 10,01,625       | ₹ 1,00,16,250              | Non Promoter         |
| Total                       | 20,00,000       | ₹ 2,00,00,000              |                      |

“RESOLVED FURTHER THAT the convertible Warrants shall be issued and allotted by the Company to the above-mentioned Investors, inter alia, subject to the following:

- The Convertible Warrants shall be allotted within a period of 15 days from the date of passing of this resolution provided that where the allotment of the said Warrants is pending on account of pendency of any approval of such allotment by any regulatory authority, the allotment shall be completed within a period of 15 days from the date of such approval; and
- The Warrants shall be convertible at the option of the investor warrant holders at any time within a period of 18 months from the date of allotment of warrants.
- The warrant holders shall, on the date of allotment pay an amount equivalent to at least 25% of the total consideration per warrant.
- The amount paid on allotment of the warrants referred hereinabove shall be forfeited, if option to acquire the shares is not exercised within period of 18 months from the date of allotment of warrants.
- The lock in of the shares acquired by exercise of conversion of warrants shall be subject to SEBI (ICDR) Regulations.

“RESOLVED FURTHER THAT the Relevant Date as per Regulation 71 of ICDR Regulations in relation to aforesaid convertible warrants for the purpose of determining issue price per share upon conversion under regulation 76 of the ICDR Regulations is 29th August, 2012

“RESOLVED FURTHER THAT the price of the Warrants has been calculated in accordance with provisions of Chapter VII of the SEBI ICDR Regulations. The “Relevant Date” for the purpose of calculating the price of the Issue Shares is the date 30 days prior to the date of this Annual General Meeting i.e. 29th August, 2012.

“RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of the Warrants, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary and desirable for such purpose, including without limitation, issuing clarifications on the issue and allotment of the Warrants, resolving any difficulties, effecting any modification to the foregoing (including any modifications to the terms of the issue), preparing, signing and filing applications with the appropriate authorities for obtaining requisite approvals, liaising with appropriate authorities to obtain the requisite approvals, entering into contracts, arrangements, agreements, memoranda, documents for appointment of agencies for managing, listing and trading of Warrants, to appoint such consultants, legal advisors, advisors and all such agencies as may be required for the issuance of the Issue Warrants”.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) of the Company and to generally do all such acts, deeds and things as may be necessary or incidental to give effect to the aforesaid resolutions”.

By order of the Board

Place : Ahmedabad  
Date : 29/08/2012

Managing Director

**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 such proxy need not be a member of the Company. Proxies in order to be effective must reach the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 4 and 5 of Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 24/09/2012 to 29/09/ 2012 (both days inclusive).
4. Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued a circular No.17/2011 on April 21, 2011 stating that the service of documents including Annual Report to shareholders by a Company can be made through electronic mode. Keeping in view the underlying theme and to support this green initiative of Government in the right spirit, members who holds shares in electronic mode and who have not registered their email addresses, so far, are requested to register their email address and changes therein from time to time, with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the prescribed form (refer page No. 3 of this Annual Report), giving their consent to receive the Notices calling general meetings, audited financial statements, auditors' report, directors' report, explanatory statement or any other communication in electronic mode, and register the said form with Purva Sharegistry India Private Limited. The said form is also available on the Company's website [www.bloomdekor.com](http://www.bloomdekor.com).
5. Shareholders desirous of any information on records of accounts are requested to write to the Company before 10 days of Annual General Meeting so as to enable the Management to keep the information ready.
6. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 11.00 a.m. to 5.00 p.m.
7. Members are requested: -
  - i) to bring the copy of the Annual Report at the Meeting.
  - ii) to notify any change in address to the Company.
8. Consequent to the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividends remaining unclaimed for a period of seven years is to be transferred to the Investor Education and Protection Fund. Accordingly the dividend declared for the financial year ended 31st March, 2005 will be transferred to Investor Education and Protection Fund. Thereafter on transfer of the same to Investor Protection Fund the members will not be able to claim the same. Members who have not encashed the dividend warrants for the financial year ended 2004-2005 and /or any subsequent year are requested to write to the Registrar and Share Transfer Agent giving necessary details.
9. Members who hold the shares in dematerialized form are requested to bring their Client ID and DP ID for easier identification of attendance at the AGM.
10. Members holding the shares in physical mode are requested to notify immediately for change of their address and bank particulars to the Company or its Share Transfer Agent.

**AND**

In case their shares are held in dematerialized form then information should be passed on directly to their respective Depository Participant and not to the Company / Share Transfer Agent without any delay.

11. The annual listing fees of all the Stock Exchanges where Company's shares are listed are generally being paid regularly.
12. Re-appointment of Director.
  - [a] At the ensuing Annual General Meeting Mr. Mayur Parikh Director retires by rotation and being eligible, offers himself for re-appointment. The information or details pertaining to Mr. Mayur Parikh, to be provided in terms of Clause 49 of the Listing Agreement are furnished in the Statement on Corporate Governance published elsewhere in this Report.

## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF ITEM NO. 5 & 8 OF NOTICE IS ANNEXED HERETO.

#### Item No. 5

Mr. Ashok Gandhi who was appointed as Additional Director during the year, hold office till the conclusion of the ensuing Annual General Meeting and notice in writing proposing his candidature for appointment as regular Director was received from shareholders of the Company and it has been proposed to appoint him as Director of the Company. Pursuant to provisions of Sections 257 and 260 of the Companies Act, 1956, it is necessary to pass ordinary resolution at the Annual General Meeting of the Shareholders of the Company. Therefore the present resolutions have been proposed for approval of the Shareholders at their meeting.

None of the Directors are concerned or interested directly or indirectly in the proposed resolution.

#### Item No. 6

The Company at its Annual General Meeting held on 17th September, 2005 had approved the re-appointment of Dr. Sunil Gupta for a period of three years w.e.f. 01/09/2008 on the terms and conditions including remuneration set out in the agreement entered into between the Company and Dr. Sunil Gupta. His appointment as Managing Director expires on 31.08.2011, Dr. Sunil Gupta is a promoter Director of the Company. He manages day to day affairs of the Company and he shoulders responsibilities and liabilities substantially in front of Marketing, Export-Import and other related activities of the Company. It is in the best interest of the Company to re-appoint him for a further period of 3 years w.e.f. 01.09.2011, on the same terms & conditions of remuneration as given here in after.

The Department of Company Affairs has vide its Notification in the Official Gazette dated 16th January, 2002 amended the Schedule XIII, permitting Companies to pay higher remuneration subject to the approval of the Remuneration Committee and Members by a Special Resolution. The Company now proposes to pay the remuneration as per the terms of the Agreement to be entered into between Dr. Sunil Gupta and the Company.

Accordingly the Remuneration Committee dated 31/08/2011 has considered the remuneration as required under Paragraph I(B) of Part II of Section II of Schedule XIII and its approved the terms and conditions of remuneration as re-appointment of Dr. Sunil Gupta w.e.f. 01.09.2011 subject to the approval of the Shareholders at the General Meeting. The Committee has noted that the Company has not made nay default in repayment of any of its debts. The payment of this remuneration also requires approval of the members by Special Resolution. Your directors recommend the resolution as embodied in the notice to be passed with or without modification as a Special Resolution.

None of the Directors of the Company is interested in this resolution, except Dr. Sunil Gupta in so far as it pertains to his remuneration; Mrs. Rupal Gupta and Mr. Karan Gupta may be regarded concerned or interested in the Resolution since she and he are the relatives of Dr.Sunil Gupta.

Statement as required under the notification GSR 36(E), dated 16th January 2002

#### I. General Information:

- (1) Nature of Industry: Manufacturing of Decorative Laminates
- (2) The Commercial production has already begun
- (3) The Company is not a new Company
- (4) Financial Performance

#### FINANCIAL HIGHLIGHTS:

|  | (₹ In Lacs) |            |
|--|-------------|------------|
| Particulars  | 31.03.2012  | 31.03.2011 |
| Income from operations   | 5354.89     | 4302.65    |
| Other Income   | 23.29       | 46.56      |
| Total Expenditure  | 486312      | 4024.02    |
| Interest   | 330.24      | 267.92     |
| Profit before Amortisation, Depreciation & Prior Period Adjustment | 184.82      | 57.27      |
| Differed Revenue Expenses Written Off & Prior Period Adjustment    | 1.05        | 13.99      |
| Depreciation   | 121.35      | 103.77     |
| Provision for Tax – Current / Deferred                             | 2.14        | (4.14)     |
| Net Profit after depreciation and tax                              | 58.14       | (56.35)    |
| Profit / (Loss) brought forward                                    | 668.18      | 724.53     |
| Net Profit / (Loss) carried to Balance Sheet                       | 688.45      | 668.18     |

The Company's export earnings during the financial year 2011-2012 was ₹ 1002.73 Lacs.

**II. Information about the appointee:**

- (1) Background Details: Dr. Sunil Gupta's education qualification is M.B.B.S. He has been the Managing Director of the Company since 01.09.1992 and has shouldered the responsibilities of managing the affairs of the Company.
- (2) Past Remuneration: In the year 2011-2012 Dr. Sunil Gupta was paid remuneration and perquisite of ₹26.88 Lacs per annum.
- (3) Recognition or awards: The Company has been adjudged as the II Exporter of Decorative Laminates for financial year 2003-2004 by PLEXICON (under the aegis of Ministry of Commerce & Industry, Government of India) for the fifth consecutive time to receive the prestige's Award.
- (4) Job profile and his suitability: Managing Director is responsible managing the Company subject to the superintendence, control and direction of the Board of Directors. His experience and knowledge has helped the Company to a great extent. It is under his guidance that the Company has made a turnaround and been able to pay consistent dividend of 6% in the year 2004-2005 and hopes to continue its existing performance. This year the dividend proposed is ₹0.50 per share on 60,00,000 equity shares.
- (5) Remuneration Proposed: As per the terms of the draft Agreement dated 12/08/2011 the Board of Directors proposed to pay remuneration not exceeding ₹1,40,000/- over and above perks per month for a period of three years w.e.f. 01.09.2011 to 31.08.2014 as a Managing Director.
- (6) There are no Companies of the same size in the industry; as such there is no statistics available of comparative remuneration profiles.
- (7) Dr. Sunil Gupta along with his relatives holds 31,94,867 Equity Shares of the Company as on 31/03/2012. Mrs. Rupal Gupta being Whole-time Director and Mr. Karan Gupta being Executive Director are relatives of Dr. Sunil Gupta.

**III. Other Information:**

- (1) Reasons of inadequate profits or loss: As envisaged in the last year, the aftermath of Iraq War continued to extend the pressure on crude oil prices witnessing the highest ever levels. This has not only pressure on the raw material prices but also skewed the credit periods extended by the suppliers. This double whammy has resulted in artificial ballooning of input costs. Even though the rally of Euro over US\$ dollar continued its effect on the profitability, your company's proactive steps through shifting the raw material sourcing and sales in alternative currencies has stabilized the profitability, wherein 42% of the Company production is exported.

**IV. Disclosures**

- i) Salary : ₹ 2,24,000/- P.M. (including Dearness Allowances)

**Part A**

1. Housing:  
The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the following ceiling.  
Sixty percent of the salary, over and above ten percent payable by the appointee.
  2. Housing II:  
In case the accommodation is owned by the Company, ten percent of the salary of the appointee shall be deducted by the Company.
  3. Housing III:  
In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.  
Explanations:  
The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income - Tax subject to a ceiling of ten percent of the salary of the appointee.
- i) Medical Reimbursement:  
Expenses incurred by the appointee and the family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

- ii) Leave travel concession for the appointee and his family once in a year incurred in accordance with any rules specified by the Company.
- iii) Club Fees:  
Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- iv) Premium on Personal accident insurance : ₹1,00,000/- p.a.

#### **Part B**

Contribution to provident fund, super annuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, Gratuity payable should not exceed half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure will be not included in the computation of the ceiling on perquisites.

#### **Part C**

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned.

Children education in India and abroad.

Notwithstanding anything contained to the contrary herein contained where in any Financial Year during the currency of the tenure of the Managing Director the Company will pay salary and perquisites as specified above and in addition thereto perquisites not exceeding the limits specified under Section II or Part II of Schedule XIII to the Companies Act, 1956.

The Managing Director so long as he functions as such shall not be paid any sitting fees for attending the meeting of Board or committees thereof.

This may be treated as an Abstract of terms of Agreement for the variation in the terms of appointment of the Managing Director under the provisions of Section 302 of the Companies Act, 1956.

None of the Directors except Mrs. Rupal Gupta, Mr. Karan Gupta and Dr. Sunil Gupta are interested in the Resolution.

#### **Item No. 7**

The present authorised share capital of the company is ₹6,25,00,000/- (Rupees Six Crore Twenty Five Lacs Only) comprising of 62,50,000 ( Sixty Two Lacs Fifty Thousand) equity shares of ₹ 10/- (Rupees ten) each. In view of the proposed issue of warrants convertible into equity shares on preferential allotment basis, it is necessary to increase the Authorised Share Capital of the Company. In view of this, the Authorised Share Capital of the Company is increased from ₹6,25,00,000/- (Rupees Six Crore Twenty Five Lacs Only) comprising of 62,50,000 ( Sixty Two Lacs Fifty Thousand) equity shares of ₹ 10/- (Rupees ten) each to ₹ 10,00,00,000/- (Rupees Ten Crores Only) comprising of 1,00,00,000 (One Crore) equity shares of ₹ 10/- (Rupees ten) each in the manner as set out in the resolution of the notice. As a result of the above, the relevant Capital Clause in the Memorandum of Association of the Company will also be required to be altered and this is achieved by passing the resolution mentioned as above. Accordingly the Board of Directors recommended the ordinary resolution for your approval.

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

Hence the proposed resolution is recommended for consideration of and approval by the shareholders of the Company.

#### **Item No. 8 : PREFERENTIAL ALLOTMENT**

##### **1. MATERIAL FACTS RELATING TO THE PREFERENTIAL ALLOTMENT :**

The Board of Directors has proposed to issue Warrants convertible into equity shares of ₹10/- each for cash at a price arrived at in terms of pricing guidelines of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (including any amendments thereto) to the promoters and strategic investors. ("Investors") convertible before expiry of 18 months from the date of issue at the instance and option of the investors mentioned hereinafter.

The aforesaid issue and allotment of Convertible Warrants will be governed by the provisions of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 ("the SEBI Regulations").



The disclosure that are required to be given in the Explanatory Statement to the Special Resolution to be passed under Section 81(1A) of the Companies Act, 1956 in terms of Regulation 72 (1) (a) of SEBI (ICDR) Regulations are as under:

The Company is an ISO 9001:2008 & ISO 14001:2004 certified company, manufacturing & exporting High Pressure Decorative Laminates since 1994 used in the furniture industry as well as for interior decoration. To support its growth plans the Company proposes to increase its capital base by way of infusion of Warrants convertible into Equity shares.

The Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this Resolution), has received a binding offer from following investors to subscribe to the convertible warrants

**Warrant- type A**

| Name of the Investor       | No. of Warrants | Face Value of the warrant | Category of Investor |
|----------------------------|-----------------|---------------------------|----------------------|
| BENNETT, COLEMAN & CO. LTD | 1               | ₹ 1,20,00,000             | Non Promoter         |

**Warrant-Type B**

| Name of the Investor        | No. of Warrants | Face Value of the warrants | Category of investor |
|-----------------------------|-----------------|----------------------------|----------------------|
| BENNETT, COLEMAN & CO. LTD  | 6,23,375        | ₹ 62,33,750                | Non Promoter         |
| Mr. Karan Gupta             | 3,75,000        | ₹ 37,50,000                | Promoter             |
| Tax Sum Accountancy Pvt Ltd | 10,01,625       | ₹ 1,00,16,250              | Non Promoter         |

The Board has accepted this offer at its meeting held on August 29, 2012 The investment is subject to customary conditions including receipt of shareholders approval and signing a mutually agreeable

The Board has the necessary authority to issue, offer and allot Convertible Warrants referred hereinabove to the Investors. It may be noted that in terms of Chapter VII of the SEBI (ICDR) Regulations, it is necessary to disclose the details of investor and certain other terms to the shareholders while seeking their approval for issuing the Warrants on preferential basis. Hence, the requisite approval of the shareholders is being sought and terms of the provisions of the Companies Act, 1956, and the SEBI ICDR Regulations, the relevant disclosures/ details of which are given below:

**2. Object of the preferential issue:**

- The objects of the proposed preferential allotment of the warrants convertible into equity shares is to generate long term resources for future growth plans, by way of Expansion of Capacity of Laminate Plant, Brand Building and General Corporate Purpose, it is proposed to issue convertible warrants on preferential allotment basis.
- The proceeds of the proposed preferential allotment of the warrants convertible into equity shares will strengthen the financial position of the company.

**3. Type of security offered and the number of security offered:**

The Company proposes to create, offer, issue and allot One Convertible Warrants of Type A having value of ₹ 1,20,00,000/- and 20,00,000 Type B Convertible warrants of ₹ 10/- each to the Investor mentioned hereinabove on the terms and conditions determined by the Board.

In the present preferential allotment of convertible warrants Type A warrant is One warrant of lump sum value of ₹ 1.20,00,000/- convertible into such number of equity shares of nominal value ₹ 10 each at a price of ₹ 19.25 including premium of ₹ 9.25 per share or at a price per Share equal to the average of the weekly high and low of the closing prices of the Share quoted on the Bombay Stock Exchange during the 26 (twenty six) weeks preceding after the expiry of 17 (seventeen) months from the date of allotment of warrants, after making adjustment for any bonus issue / split / consolidation whichever is higher.

Similarly Type B warrants will have face value of ₹10 each which will be convertible into equity shares of nominal value of ₹ 10 each at a price of ₹ 19.25 per share including premium of ₹ 9.25 per share at any time on or before expiration of 18 months from the date of issue in term of SEBI (ICDR Regulations) to the investor

named below (the “Investor”) on preferential allotment basis, at such time or times and on such terms and conditions and in such manner as may be decided by the Board in this connection:

#### 4. Important terms and conditions

- The subscription amount equivalent to 25% or more of the total consideration per warrant payable by the Investor, shall be payable at the time of allotment of the convertible Warrants.
- The allotment of Convertible Warrants are subject to the Investor not having sold any Equity Shares during the six months preceding the Relevant Date (defined below) and the Investor not acquiring or selling any Warrants until completion of the allotment of the Warrants under the proposed preferential issue;
- Under Chapter XIII of the SEBI ICDR Regulations, issue of Equity shares upon conversion of the Warrants B on a preferential basis shall be made at a price not less than higher of: (a) the average of the weekly high and low of the closing prices of the equity shares quoted on a recognized stock exchange during the six months preceding the Relevant Date or (b) the average of the weekly high and low of the closing prices of the equity shares quoted on a recognized stock exchange during the two weeks preceding the Relevant Date;
- Issue of Equity shares upon conversion of the Warrants A on a preferential basis shall be made at a price not less than higher of ₹ 19.25 including premium of ₹ 9.25 per share or at a price per Share equal to the average of the weekly high and low of the closing prices of the Share quoted on the Bombay Stock Exchange during the 26 (twenty six) weeks preceding after the expiry of 17 (seventeen) months from the date of allotment of warrants, after making adjustment for any bonus issue / split / consolidation.
- The “Relevant Date” for determining the issue price of the equity shares upon conversion of warrants proposed to be issued shall be August 29, 2012 being the date which is 30 days prior to the date of shareholders resolution i.e. August 29, 2012.

#### 5. Information about the proposed investor

The brief information about the proposed investors is as under.

##### [A] BENNETT, COLEMAN & CO. LTD

BENNETT, COLEMAN & CO. LTD having its registered office at Times House, 7, Bahadurshah Zafar Marg, New Delhi 110103, is the country's largest Media House. BCCL is primarily engaged in the business of publishing various newspapers, magazines and also owns directly or indirectly various other media properties giving it a 360 degree media presence. BCCL being a leader in the media industry likes to support the brand-building objectives of companies through advertising. Several brands and new product categories have been built successfully through advertising in the print medium.

##### [B] Mr. Karan Gupta

Mr. Karan Gupta is one of the promoters of the company. He is presently appointed as an Executive director of the company looking after marketing and sales division of the company.

##### [C] Tax Sum Accountancy Pvt Ltd

Tax Sum Accountancy Services Pvt. Ltd (Introduction of the Company) is a private limited company incorporated under the provisions of the Companies Act, 1956 on 20th September, 2011 vide CIN U74120GJ2011PTC067199 with the office of Registrar of Companies, Gujarat. The company is in the process of starting its commercial activities.

#### 6. Intention of promoter / directors / key management personnel to subscribe to the offer:

Mr. Karan Gupta, one of the present promoters of the company will subscribe to the present preferential allotment of the convertible warrants. Apart from him, none of the promoters, directors or key management persons intends to subscribe to the offer.

#### 7. Change of Control :

There is no change in the management of the company pursuant to the issue of convertible warrants on Preferential Allotment Basis.