

*Twenty Third
Annual
Report
2006 - 2007*



CALS LIMITED

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NOTICE

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of Cals Limited will be held on Wednesday, the 12th September 2007 at 10.30 a.m. at Daffodils, Tanya Farm Complex, Chattarpur Mandir Road, New Delhi-110074 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2007 and the Profit and Loss account for the year ended on that date together with the reports of Directors' and Auditors' thereon.
2. To reappoint Mr. Mohan Lal Garg who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions, inter alia, of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Bhupendra Kansagra be and is hereby appointed Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions, inter alia, of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Ravi Chilukuri be and is hereby appointed 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 an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions, inter alia, of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Manabendra Guha Roy be and is hereby appointed Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions, inter alia, of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. D. Sundararajan be and is hereby appointed Director of the Company liable to retire by rotation."

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

"RESOLVED THAT subject to the approval of the Central Government pursuant to the provisions, inter alia, of Section 21 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded for the change of name of the Company from Cals Limited to Cals Refineries Limited".

RESOLVED FURTHER THAT consequent upon change of name of the Company, the Memorandum and Articles of Association of the Company be accordingly amended in respect of change of name of the Company from Cals Limited to Cals Refineries Limited.

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

"RESOLVED THAT pursuant to the provisions, inter alia, of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Authorised Share Capital of the Company be increased from Rs. 60,000,000/- (Rupees six crores) divided into 6,000,000 (sixty lacs) Equity Shares of Rs. 10/- (Rupees ten) each to 20,000,000,000/- (Rupees two thousand crores) divided into 2,000,000,000 (Two hundred crores) Equity Shares of Rs. 10/- (Rupees ten) each.

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

V. The Authorised Share Capital of the Company is 20,000,000,000/- (Rupees two thousand crores) divided into 2,000,000,000 (two hundred crores) Equity Shares of Rs. 10/- (Rupees ten) each."

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

"RESOLVED THAT the existing Article 3 of the Articles of Association of the Company be substituted by the following:



The Authorised Share Capital of the Company is Rs. 20,000,000,000/- (Rupees two thousand crores) divided into 2,000,000,000 (two hundred crores) Equity Shares of Rs. 10/- (Rupees ten) each."

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and relevant provisions of the Memorandum and Articles of Association of the Company, and in accordance with listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed or proposed to be listed and subject to the approval of Securities and Exchange Board of India (hereinafter referred to as "SEBI"), Reserve Bank of India (hereinafter referred to as "RBI"), and subject to the Company obtaining all approvals, consents, permissions and sanctions as may be required from any and/or all governmental or regulatory authorities and/or all other institutions and bodies including Banks provided that such sanctions are acceptable to the Board of Directors of the Company (hereinafter referred to as the Board, which term shall be deemed to include any Committee of Directors constituted by the Board and authorized for this purpose), the consent and the approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot, on preferential basis to Mr. Sarvesh Goorha, the Promoter of the Company, 101900 (one lakh one thousand nine hundred) Equity Shares of the Company of the face value of Rs. 10/- each for cash at par since the price calculated in accordance with the Guidelines for Preferential Issue issued by SEBI under Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, is less than the face value of the share.

RESOLVED FURTHER THAT all the new Equity Shares, as and when allotted in terms of this resolution, shall rank pari passu in all respects, with the existing Equity Shares of the Company and necessary measures be taken to seek the listing of such new Equity Shares on all the Stock Exchanges where the Company's shares shall continue to be listed and necessary application be made with National Securities Depository Limited, Central Depository Services (India) Limited and other authorities, if any, for executing Corporate Action and such other actions, as may be required in this connection from time to time.

RESOLVED FURTHER THAT subject to SEBI guidelines and other applicable laws, the Board be and is hereby authorized to decide and approve terms and conditions of the issue of above mentioned Equity Shares and to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient.

RESOLVED FURTHER THAT for the purposes of giving effect to this resolution, the Board and for its duly authorized Committee, in their absolute discretion, be and are hereby authorized, to take all such steps and do all such acts, deeds, matters and things, as the Board may deem fit and proper or desirable and necessary and to settle any question or doubt that may arise in regard to offer, issue and allotment of the new Equity Shares and that the Board is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Chairman of the meeting at which the Committee is or may be formed or to any of the principal officers of the company/ authorized representative in order to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and relevant provisions of the Memorandum and Articles of Association of the Company, and in accordance with listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed or proposed to be listed and subject to the approval of Securities and Exchange Board of India (hereinafter referred to as "SEBI"), Reserve Bank of India (hereinafter referred to as "RBI"), and subject to the Company obtaining all approvals, consents, permissions and sanctions as may be required from any and/or all governmental or regulatory authorities and/or all other institutions and bodies including Banks provided that such sanctions are acceptable to the Board of Directors of the Company (hereinafter referred to as the Board, which term shall be deemed to include any Committee of Directors constituted by the Board and authorized for this purpose), the consent and the approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot on preferential basis to SRM Exploration Private Limited 870000 (Eight lakhs seventy thousand) Equity Shares of the Company of the face value of Rs. 10/- each for cash at par since the price calculated in accordance with the Guidelines for Preferential Issue issued by SEBI under Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, is less than the face value of the share.

RESOLVED FURTHER THAT all the new Equity Shares, as and when allotted in terms of this resolution, shall rank pari passu in all respects, with the existing Equity Shares of the Company and necessary measures be taken to seek the listing of such new Equity Shares on all the Stock Exchanges where the Company's shares shall continue to be listed and necessary application be made with National Securities Depository Limited, Central Depository Services (India) Limited and other authorities, if any, for executing Corporate Action and such other actions, as may be required in this connection from time to time.

RESOLVED FURTHER THAT subject to SEBI guidelines and other applicable laws, the Board be and is hereby authorized to decide and approve terms and conditions of the issue of above mentioned Equity Shares and to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient.

RESOLVED FURTHER THAT for the purposes of giving effect to this resolution, the Board and or its duly authorized Committee, in their absolute discretion, be and are hereby authorized, to take all such steps and do all such acts, deeds, matters and things, as the Board may deem fit and proper or desirable and necessary and to settle any question or doubt that may arise in regard to offer, issue and allotment of the new Equity Shares and that the Board is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Chairman of the meeting at which the Committee is or may be formed or to any of the principal officers of the company/ authorized representative in order to give effect to the aforesaid resolution."

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

"RESOLVED THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose), be and is hereby authorised, in accordance with Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of money (including non fund based facilities) from time to time at their discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate, notwithstanding that the monies to be 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, at any time, exceed upto a sum of Rs. 4,000 crore (Rupees four thousand crores) over and above the aggregate of the then paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

14. 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 of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements with the Stock Exchanges and subject to the provisions of the applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions 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 Board be and is hereby authorised to issue, offer and allot, in International / Domestic offerings any securities including Equity Shares/Preference Shares/Convertible Debentures /Global Depositary Receipts (GDRs) and/or American Depositary Receipts (ADRs)/Foreign Currency Convertible Bonds (FCCB) convertible into equity shares, preference shares whether Cumulative/Redeemable/Convertible at the option of the Company and/or the option of the holders of the security and/or securities linked to equity shares/preference shares and/or any instrument or securities representing convertible securities such as convertible debentures, bonds or warrants convertible into depositary receipts underlying equity shares/preference shares, (hereinafter referred to as the "Securities") for an aggregate sum of US \$ 500 million or equivalent in Indian and /or any other currency(ies) to be subscribed by foreign/domestic investors/institutions/Qualified Institutional Investors, domestic or International and/or corporate bodies/entities including mutual funds, banks, insurance companies and/or individuals or otherwise, whether or not such persons/entities/investors are Members of the Company whether in one or more currency, such issue and allotment to be made at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions either unlisted or listed in any of the domestic or International Stock Exchanges in India or Luxembourg/Singapore/Hong Kong/London/Nasdaq/New York Stock Exchanges and/or any of the Overseas Stock Exchanges, and in such manner as the Board may, in its absolute discretion think fit, in consultation with the Lead Managers, Underwriters, Advisors or other intermediaries.



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

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

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

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

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

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

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

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

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman or any other Officers/Authorised Representatives of the Company to give effect to the aforesaid resolution."

By Order of the Board of Directors

New Delhi
23rd July 2007

(Sarvesh Goorha)
Director

NOTES

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies in order to effective must be received at the Registered Office of the Company at E-44/13 Okhla Phase-II, New Delhi – 110 020 not less than 48 hours before this Annual General Meeting.
2. The Register of Member and Share Transfer Books of the Company will remain closed from Thursday, 6th September 2007 to Wednesday, 12th September 2007 (both days inclusive).
3. The members are requested to:
 - a. bring their copy of Annual report at the Annual General Meeting.
 - b. I In case shares are held in physical form: notify immediately the change of address, if any, to the Company at E-44/13, Okhla Phase-II, New Delhi – 110 020 or to the Registrar and Share Transfer Agent of the Company, MCS Limited, Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase-II, New Delhi – 110 020 quoting their folio number.
 - II In case shares are held in dematerialized form: notify to their depository participants, change/correction in their address/bank account particulars, etc. as the Company uses the information provided by Depositories in respect of shares held in dematerialized form.
 - c. In case of those members who have multiple accounts in identical names or joint names in same order, send all the share certificates to the Registrar and Share Transfer Agent of the Company, MCS Limited at the aforesaid address for consolidation of all such shareholdings into one account to facilitate better service.
4. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
5. All the documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all the working days except Saturday up-to the date of the Annual General meeting.

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

Item Nos. 4 to 7

The Board of Directors of the Company (the Board), had, at its meeting held on 23rd July 2007 appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 85 of the Articles of Association of the Company, Mr. Bhupendra Kansagra, Mr. Ravi Chilukuri, Mr. Manabendra Guha Roy and Mr. D. Sundararajan as the Additional Directors of the Company.

In terms of the provisions of Section 260 of the Act, Mr. Bhupendra Kansagra, Mr. Ravi Chilukuri, Mr. Manabendra Guha Roy and Mr. D. Sundararajan would hold office upto the date of this Annual General Meeting.

The Company has received notices in writing from members alongwith a deposit of Rs.500/- each, proposing the candidatures of Mr. Bhupendra Kansagra, Mr. Ravi Chilukuri, Mr. Manabendra Guha Roy and Mr. D. Sundararajan for the office of Director of the Company, under the provisions of Section 257 of the Act.

Brief resume of Mr. Bhupendra Kansagra, Mr. Ravi Chilukuri, Mr. Manabendra Guha Roy and Mr. D. Sundararajan, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Notice.

The Board of Directors accordingly recommends the resolutions set out at Item Nos. 4 to 7 of the accompanying Notice for the approval of the Members.

Mr. Bhupendra Kansagra, Mr. Ravi Chilukuri, Mr. Manabendra Guha Roy and Mr. D. Sundararajan may be deemed to be concerned in the resolution(s) relating to their respective appointment.

Item No. 8

In view of the change of object clause of the Company, the name of the Company needs to be changed to be in line with the main objects of the Company.

In accordance with the provisions of Section 21 of the Companies Act, 1956, the proposed alteration of the name requires to be approved by the members as a special resolution.

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

None of the directors is, in any way, concerned or interested in the resolution.

**Item Nos. 9 to 10**

The Company, in order to meet its diversification objectives and to strengthen its financial position, is required to generate long term resources by issuing new securities. It is, therefore, deemed appropriate to increase the Authorised Share Capital of the Company from Rs. 6.00 crore to Rs. 2,000 crore and for that purpose, the Memorandum of Association and the Articles of Association of the Company are proposed to be suitably altered as set out at Item Nos. 9 and 10 of the accompanying Notice.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the Members for increase in the authorised share capital and for the alteration of capital clause of the Memorandum of Association and the Articles of Association of the Company.

The Board of Directors accordingly recommends the resolutions set out at Item Nos. 9 and 10 of the accompanying Notice for the approval of the Members.

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

Item No. 11

The members are aware that in terms of the One Time Settlement (OTS) with Bank of India vide letter No. NDARB/SKT/1305 dated 23rd December 2005, the promoters of the Company were required to bring in Rs. 8,500,000 (Rupees eighty five lakhs) as Promoters' Contribution which has already been brought into the Company to make payment of the settled amount.

A portion of the amount brought in by the promoter will be converted into equity shares by issue and allotment of 101900 Equity Shares at par at @ Rs. 10/- each aggregating to Rs. 1,019,000/- to the Promoter on a preferential basis.

The present shareholding of the Promoters and the person acting in concert in the Company is 12.17%. The allotment of new shares as aforesaid shall bring their holding to 11.89% of the expanded capital in the Company, thereby the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, (the "Takeover Code") are not triggered.

The new Equity Shares are proposed to be allotted at par since the price calculated in accordance with clause 13.1.1.1 of Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, (the "Guidelines"), comes to Rs. 2.54, which is below par value of the shares.

In terms of Section 81(1A) of the Companies Act, 1956, the consent of the members of the Company is required to be obtained by Special Resolution for issue and allotment of new Equity Shares to the Promoter of the Company on preferential basis.

The disclosures required to be given in the Explanatory Statement to this Notice of Annual General Meeting in terms of the Guidelines are as under:

(a) Objects of the Issue

The objects of the proposed issue of Equity Shares on preferential basis is to convert part of the amount brought in for the One Time Settlement (OTS) into equity shares.

(b) Intention of the promoters, directors, their associates, relatives

Mr. Sarvesh Goorha intends to subscribe, to the proposed preferential issue of 101,900 (One lakh one thousand nine hundred) Equity Shares, i.e. to the extent as proposed in the resolution.

(c) Change of Management

The allotment would not result in any change in the control or management of the affairs of the Company or in the composition of the Board of Directors of the Company. However, there could be consequential changes in the voting rights/shareholding pattern of the Company.

(d) Lock in Period

The proposed allotment shall be locked in for 3 years from the date of allotment as per the DIP Guidelines.

(e) Proposed time within which the allotment to be completed:

The Board proposes to allot the Equity Shares within 15 days from the date of the Annual General Meeting or from the date of other requisite approvals, if any, whichever is later.

(f) **Identity of the proposed allottees and percentage of Post-preferential issue capital that may be held by Promoters' Group:**

S. No.	Name of Proposed Allottee	No. of Equity Shares	% of Post Preferential Issued Capital
1.	Sarvesh Goorha	165744	2.76
	Total	165744	2.76

(g) **Pricing of the Issue**

The price of the new Equity Shares to be allotted to the Promoters shall be Rs. 10/- per share.

(h) **Shareholding Pattern before and after preferential allotment**

SHAREHOLDERS' CATEGORY		
(As on 30th June 2007)	Before the proposed preferential allotment	After the proposed preferential allotment
	% of shares/total voting capital held	
(A) Promoter and Promoters Group		
Acquirer	1.27	2.76
Non-Acquirers	10.90	9.14
Total Promoters holding	12.17	11.90
(B) Public Shareholding		
Acquirer	0.00	14.50
Mutual Funds/UTI	0.43	0.36
Bodies Corporate	6.70	5.62
Public	80.54	67.49
NRI	0.16	0.13
Total Public holding	87.83	88.10
Total (A + B)	100.00	100.00

(i) **Auditors' Certificate**

A copy of the Statutory Auditors' Certificate certifying that the present preferential allotment is being made in accordance with the requirements contained in the Guidelines for Preferential Allotment under the securities and Exchange Board of India (Disclosure and Investor Protection Guidelines) 2000, will be placed before the Meeting and is kept open for inspection at the Registered Office of the Company on all working days during office hours and will also be available for inspection at the meeting.

All documents referred to in this statement are open for inspection during the working hours upto the date of this meeting.

The Board of Directors accordingly recommends the resolution set out at Item No. 11 of the accompanying Notice for the approval of the Members.

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

Item No. 12

In order to meet the requirements of the funds as per the objects detailed below, it is proposed to issue 870000 Equity Shares of the Company, in cash at par at Rs. 10/- each aggregating to Rs. 8,700,000/- on preferential basis, to SRM Exploration Private Limited as per the provisions of Companies Act, 1956 and SEBI (Disclosure and Investor Protection) Guidelines, 2000 for Preferential Issues.

SRM Exploration Private Limited does not hold any shares in the Company. The allotment of new shares as aforesaid shall bring their holding to 14.50% of the expanded capital in the Company, thereby, the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, (the "Takeover Code") are not triggered.

The new Equity Shares are proposed to be allotted at par since the price calculated in accordance with clause 13.1.1.1 of Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, (the "Guidelines"), comes to Rs. 2.54, which is below the par value of the shares.