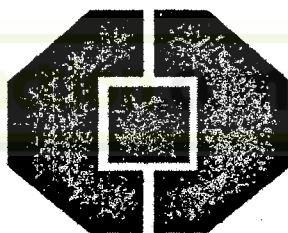


CANBAY POLY FILMS LIMITED

SHAPING THE FUTURE OF
FLEXIBLE PACKAGING

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



CANBAY

certified true copy

For CANBAY POLYFILMS LTD.,

[Signature]
Managing Director

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CANBAY POLYFILMS LIMITED

BOARD OF DIRECTORS

Mr. S.V. Amin	Managing Director
Mr. B. Jayakar	Director
Mr. Muddanna Anchan	Director
Mr. Ajith Mehta	Director
Mr. R. Ramachandraiah	Director
Mr. Shashikant. M Hanagal	Executive Director
Mr. Mohan. Hanagal	Director

BANKERS

The United Western Bank Ltd.
Gandhinagar
Bangalore - 560 009

Bank of Madura Ltd.
Basavanagudi,
Bangalore - 560 004.

AUDITORS

Messrs. H. Vishnu & Company
Chartered Accountants
GF No. 7, Karuna Complex
No. 337, Sampige Road, Malleswaram
Bangalore - 560 003

REGISTERED OFFICE & FACTORY

Road No. 18/C, Baikampady Industrial Area
New Mangalore - 575 011

SIXTH ANNUAL REPORT 1997-98**NOTICE**

NOTICE is hereby given that the **SIXTH ANNUAL GENERAL MEETING** of the Company will be held on Saturday, the 28th November 1998 at 11.30 A.M. at the Factory Cum Registered office of the Company at Road No. 18C, Baikampady Industrial Area, New Mangalore - 575 011, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider, and adopt the Audited Balance Sheet of the Company as on 31st March 1998 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B Jayakar who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Ajit Mehta who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

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 of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII to the Act as amended upto date, consent of the Company be and is hereby accorded to the appointment of, and remuneration payable to, Mr. S V Amin as Managing Director of the Company with effect from 2nd March 1998 for a period of five years in the manner and to the extent set out in the explanatory statement forming part of this notice.

FURTHER RESOLVED that the terms be and are hereby specifically approved with liberty to the Board of Directors or any Committee thereof to increase, reduce, alter or vary the terms of remuneration and perquisites including monetary value thereof as set out in the terms of remuneration payable at any time (s) and from time to time and in such manner as the Board of Directors or any committee thereof may deem fit.

RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Managing Director, the remuneration and perquisite set out in the explanatory statement be paid or granted to the

said Director as minimum remuneration, provided that the total remuneration by way of salary, perquisite and any other allowances for the Director shall not, unless approved by the Central Government, exceed the ceiling as provided in Schedule XIII to the said Act or such other amount and perquisites as may be provided in the said Schedule XIII, as may be amended from time to time or any equivalent statutory reenactment(s) thereof.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company."

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 of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII to the Act as amended upto date, consent of the Company be and is hereby accorded, to the appointment of, and remuneration payable to, Mr. Sashikant M. Hanagal as Executive Director of the Company with effect from 2nd March 1998 for a period of five years in the manner and to the extent set out in the explanatory statement forming part of this notice.

FURTHER RESOLVED that the terms be and are hereby specifically approved with liberty to the Board of Directors or any Committee thereof to increase, reduce, alter or vary the terms of remuneration and perquisites including monetary value thereof as set out in the terms of remuneration payable at any time(s) and from time to time and in such manner as the Board of Directors or any committee thereof may deem fit.

RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Managing Director, the remuneration and perquisite set out in the explanatory statement be paid or granted to the said Director as minimum remuneration, provided that the total remuneration by way of salary, perquisite and any other allowances for the Director shall not, unless approved by the Central Government, exceed the



CANBAY POLYFILMS LIMITED

ceiling as provided in Schedule XIII to the said Act or such other amount and perquisites as may be provided in the said schedule XIII, as may be amended from time to time or any equivalent statutory reenactment(s) thereof.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company."

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

"RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs. 15,00,00,000 (Rupees fifteen crores) divided into 1,50,00,000 (One hundred and fifty lacs) Equity shares of Rs.10/- (Rupees ten only) to Rs.23,00,00,000 (Rupees Twenty three crores) divided into 2,30,00,000 (Two hundred and thirty lacs) Equity shares of Rs. 10 each."

8. 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 of Section 16 and other applicable provisions, if any, of the Companies Act, 1956 Clause V of the Memorandum of Association be and is hereby altered in the following manner: By deleting the existing Clause V and by substituting the following new clause V :

V: The Authorised Share Capital of the Company is Rs. 23,00,00,000 (Rupees Twenty three crores) divided into 23,00,00,000 Equity shares of Rs. 10/- (Rupees ten) each .

The Company has the power from time to time to increase its Capital. Any of the said shares and any new shares hereafter to be created may, from time to time be divided into shares of several classes in such manner as the Articles of Association of the Company may prescribe or allow and so that the shares of each class may have or confer such preferred or other special rights and privileges and may be issued under such restrictions and conditions, whether in regard to dividend, voting, return of capital or otherwise as shall have been assigned thereto by or under provisions of the Articles of Association, but so that the special rights

or privileges belonging to holders of any shares issued with preferred or other rights shall not be varied or abrogated or affected except such sanction as is provided for by the Articles of the Company for the time being."

9. 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 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association be and are hereby altered in the following manner.

By deleting the existing Article 4 and by substituting it fix the following new Article 4 :

- 4: The Authorised share Capital of the Company is Rs. 23,00,00,000 (Rupees Twenty three crores) divided into 2,30,00,000 (Two hundred and thirty lacs) Equity shares of Rs. 10/- (Rupees ten) each, with such rights, privileges and conditions attaching thereto as may be determined by the Company in General Meeting with power to increase or reduce its capital and to divide the shares in the capital for such preferential qualified or special rights, privileges or conditions as may be permitted by law and as may be determined by or in accordance with the Articles for the time being in force and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by law and as may be provided by the Articles for the time being in force."

10. 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 Sections 80, 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) and enabling provisions of the Memorandum & Articles of Association of the Company and subject to the approval of all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions, sanctions, as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or a duly authorised committee thereof for the time being exercising the powers conferred by the

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Board, consent of the Company be and is hereby accorded to the Board to issue 173,50,000 Equity shares of Rs.10 each for cash at par or at such premium of an aggregate nominal amount not exceeding Rs. 17,35,00,000 (Rupees seventeen crores thirty five lacs) as the Board at its sole discretion may at any time or times hereinafter decide, to such person or persons, whether or not shareholders of the Company, as the Board of Committee may at its sole discretion decide, including one or more of the members, promoters, employees, Non resident Indians, Overseas Corporate Bodies (OCBs) Foreign Institutional Investors (FIIs), bodies corporate, companies, private or public or other entities, in one or more combinations thereof, by way of private placement, preferential allotment, or otherwise, in one or more modes or combinations thereof and in one or more branches, at such price or prices as the Board or Committee thereof may in its absolute discretion think fit, in consultation with advisors or such persons and on such terms and conditions including the number of shares to be issued, and matters incidental thereto.

RESOLVED FURTHER THAT such of these Equity shares to be issued may be issued by the Board/Committee thereof to such persons and in such manner and on such terms as the Board/Committee in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/ Financial Institutions/Investment Institutions/Bodies Corporate/ Overseas Corporate Bodies,OCBs/ Foreign Venture Capital Funds,/Foreign Financial Institutions, FIIs/ or such other persons or otherwise as the Board of Committee thereof may in its absolute discretion decide.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee 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 or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds, issue of shares and further to do all acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

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

"RESOLVED THAT the members hereby note and record the fact that the Company has become a "Sick Industrial Company" within the meaning of Sick Industrial Companies (Special Provisions) Act 1985 and that necessary reference be sought with the Board for Industrial and Financial Reconstruction(BIFR).

FURTHER RESOLVED THAT the action taken by the Board of Directors of the Company under the aforesaid Act, be and is hereby noted and further that the Board be empowered to do such acts and deeds as may be necessary in this regard."

By order of the Board

Mangalore
30th October 1998

S.V. AMIN
Managing Director

NOTES:

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
- The relevant Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 pertaining to Special business contained in items, 5 to 11 of the notice is annexed hereto.
- Changes of address, if any, may kindly be intimated to the company's Registered office at Road 18C, Baikampady Industrial Area, New Mangalore - 575 011
- Members are requested to bring the copies of the Annual Report to the Meeting.
- The Registrar of Members and the Share Transfer Books will remain closed on 28/11/1998.

By order of the Board

Mangalore
30th October 1998

S.V. AMIN
Managing Director



CANBAY POLYFILMS LIMITED

ANNEXURE TO THE NOTICE

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

Item No. 5

Mr. S V Amin was appointed as Managing Director by the Board on 2nd March 1998 for a period of five years. He is one of the promoter Directors of the Company and has the requisite experience and has been overseeing the operations of the Company after the death of the former Managing Director Mr. Mulky Nagesh. The terms and conditions of his appointment are as under :

1. Period of Appointment : Five years with effect from 2nd March 1998
2. Remuneration :
 - i) Salary : Mr.S.V.Amin:Rs.20,000/- (Rupees twenty thousand per month)
 - ii) Perquisites : As detailed hereinafter restricted to annual salary :
 - a. House rent allowance of an amount not exceeding Rs. 6000/- (Rupees six thousand only) per month
 - b. Reimbursement of gas, electricity and water charges as per Income Tax rules.
 - c. Use of Motor car with driver for the Company's business; any personal use by the appointee shall be to his account only.
 - d. Benefit of Provident Fund, Gratuity, Superannuation/Annuity as are applicable in the Company.
 - e. Personal accident insurance cover the premium of which shall not exceed Rs. 4000 per month per annum.
 - f. Use of telephone at the appointee's residence, provided that the cost of personal long distance calls, if any, shall be reimbursed by the appointee to the Company.
 - g. Subscription (not entrance/admission fee) of any one club.

The above remuneration and perquisites be paid or allowed to appointees as minimum remuneration in the case of inadequacy or absence of profits in any year.

The appointment may be terminated by either party giving to the other ninety days' notice in writing.

None of the Directors of the Company, other than Mr. S V Amin himself, is interested/concerned in the appointment of Mr. S V Amin as Managing Director of the Company. Mr. S V Amin is deemed to be interested or concerned in the resolution to the extent of remuneration payable to him.

Item No. 6

Mr. Sashikant M. Hanagal was appointed as Executive Director of the Company on 2nd March 1998 for a period of five years in order to provide the requisite administrative supervision of the day to day affairs of the Company. The terms of his appointment are as under :

1. Period of Appointment : Five years with effect from 2nd March 1998
2. Remuneration :
 - i) Salary:Rs.15,000/- (Rupees fifteen thousand) per month
 - ii) Perquisites : As detailed hereinafter restricted to annual salary :
 - a. House rent allowance of an amount not exceeding Rs. 3000/- (Rupees three thousand only) per month
 - b. Reimbursement of gas, electricity and water charges as per Income Tax rules.
 - c. Benefit of Provident Fund, Gratuity, Superannuation/Annuity as are applicable in the Company.
 - d. Personal accident insurance cover the premium of which shall not exceed Rs. 4000 per month per annum.

The above remuneration and perquisites be paid or allowed to appointees as minimum remuneration in the case of inadequacy or absence of profits in any year.

The appointment may be terminated by either party giving to the other ninety days' notice in writing.

None of the Directors of the Company, other than Mr. Shashikant M Hanagal and Mr. Mohan Hanagal are interested/concerned in the appointment of