

ANNUAL REPORT ▷ 1996 □ 97



DCM SHRIRAM
CONSOLIDATED LTD.

*Without a team,
nothing can be achieved
even with the best
technology and training.*



*Eala Shri Ram
(1884-1963)*



**DCM SHRIRAM
CONSOLIDATED LTD**

REGISTERED OFFICE :

7th Floor, Prakash Deep Building,
7, Tolstoy Marg, New Delhi.

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of DCM Shriram Consolidated Limited will be held on Tuesday, the 30th September, 1997 at 10.00 A.M. at the Air Force Auditorium, Subroto Park, New Delhi to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt the Directors' Report, the audited Balance Sheet of the Company as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date.
2. To declare dividends on preference and equity shares.
3. To appoint a Director in place of Shri Mantosh Sondhi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. S.S. Baijal, who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and, if thought fit, to pass the following resolution, with or without modification(s), as a Special Resolution:

"Resolved that Messrs A.F. Ferguson & Co., Chartered Accountants, be and are hereby re-appointed auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors plus reimbursement of actual travelling and out of pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS:

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

"Resolved that pursuant to Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals as may be necessary, the Board of Directors of the Company be and is hereby authorised to mortgage and/or charge all or any of the present and future movable and immovable properties of the Company, situated at Shriram Fertilisers & Chemicals and Shriram Cement Works, Kota (Rajasthan) and at Mehsana (Gujarat), together with all buildings, fixed plants, machinery and fixtures both present and future and the whole of the undertaking of the Company together with the power to take over the management of business and concern of the Company relating to the aforesaid units in certain events of default for the purpose of securing the borrowing of financial assistance for long term resources for working capital requirements not exceeding Rs.25 crores by way of privately placed Secured Redeemable Non-Convertible Debentures with the Financial Institutions together with interest at the agreed rates, commitment charges, premium on repayment or redemption and other monies payable by the Company and that such mortgage(s) or charge(s) shall rank pari passu with the mortgage(s) and charge(s) created/to be created by the Company to secure the financial facilities/borrowings availed or to be availed by the Company from the Financial Institution(s).

Resolved further that the mortgage(s)/charge(s) created or to be created and/or all Agreements/Documents executed or to be executed and all acts done or to be done in terms of the above resolution by and with the authority of the Board of Directors or any Committee duly constituted and authorised by the Board be and are hereby confirmed and ratified.

Resolved further that the Board of Directors or Committee thereof be and is hereby authorised to finalise the

documents to secure facilities/borrowings as aforesaid and to do all such acts, deeds, matters and things as may be necessary, desirable, expedient for implementing the above resolutions and to resolve any question or doubt which may arise in relation thereto, or otherwise considered by the Board of Directors or Committee thereof to be in the best interest of the Company”.

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

“Resolved that pursuant to Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals as may be necessary, the Board of Directors of the Company be and is hereby authorised to mortgage and/or charge all or any of the present and future movable and immovable properties of the Company, situated at Shriram Fertilisers & Chemicals and Shriram Cement Works, Kota (Rajasthan), together with all buildings, fixed plants, machinery and fixtures both present and future and the whole of the undertaking of the Company together with the power to take over the management of business and concern of the Company relating to the aforesaid units in certain events of default for the purpose of securing the borrowing of financial assistance as corporate loan of not exceeding Rs.10 crores given by Industrial Development Bank of India (IDBI) together with interest at the agreed rates, commitment charges, premium on repayment and other monies payable by the Company and that such mortgage(s) or charge(s) shall rank pari passu with the mortgage(s) and charge(s) created/to be created by the Company to secure the financial facilities/borrowings availed or to be availed by the Company from IDBI.

Resolved further that the mortgage(s)/charge(s) created or to be created and/or all Agreements/Documents executed or to be executed and all acts done or to be done in terms of the above resolution by and with the authority of the Board of Directors or any Committee duly constituted and authorised by the Board be and are hereby confirmed and ratified.

Resolved further that the Board of Directors or Committee thereof be and is hereby authorised to finalise the documents to secure facilities/borrowings as aforesaid and to do all such acts, deeds, matters and things as may be necessary, desirable, expedient for implementing the above resolutions and to resolve any question or doubt which may arise in relation thereto, or otherwise considered by the Board of Directors or Committee thereof to be in the best interest of the Company”.

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

“Resolved that pursuant to Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals as may be necessary, the Board of Directors of the Company be and is hereby authorised to mortgage and/or charge all or any of the present and future movable and immovable properties of the Company (other than movable and immovable properties of textile units located at Delhi - both present and future) together with all buildings, fixed plants, machinery and fixtures both present and future and the whole of the undertaking of the Company together with the power to take over the management of business and concern of the Company relating to the aforesaid units in certain events of default for the purpose of securing the borrowing of financial assistance as Corporate Loan not exceeding Rs.15 crores given by The Industrial Credit And Investment Corporation of India Ltd. (ICICI) together with interest at the agreed rates, commitment charges, premium on repayment and other monies payable by the Company and that such mortgage(s) or charge(s) shall rank pari passu with the mortgage(s) and charge(s) created/to be created by the Company to secure the financial facilities/borrowings availed or to be availed by the Company from ICICI.

Resolved further that the mortgage(s)/charge(s) created or to be created and/or all Agreements/Documents executed or to be executed and all acts done or to be done in terms of the above resolution by and with the authority of the Board of Directors or any Committee duly constituted and authorised by the Board be and are hereby confirmed and ratified.

Resolved further that the Board of Directors or Committee thereof be and is hereby authorised to finalise the documents to secure facilities/borrowings as aforesaid and to do all such acts, deeds, matters and things as may be necessary, desirable, expedient for implementing the above resolutions and to resolve any question or doubt which may arise in relation thereto, or otherwise considered by the Board of Directors or Committee thereof to be in the best interest of the Company”.

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

"Resolved that "Other Objects" under the "Object Clause", in the Memorandum of Association be amended by inserting the following clause as Clause No.60 after Clause No.59 :

To give guarantee or provide security for the payment of money including principal, interest and dividend, secured or unsecured payable in respect of promissory notes, bonds, debentures, debenture-stocks, shares, securities, contracts, mortgage(s), charge(s), obligations, instruments and securities, and in connection with loan(s) made and/or other facilities given by the financial institution(s), bank(s) or any other person(s) to any person(s) including body(ies) corporate."

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

"Resolved that pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for commencing and undertaking all or any of the business specified in the Clause 60 of the "Other Objects" of the Memorandum of Association of the Company".

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

"Resolved that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent to the promotion of Shri Ajit S. Shrinam as Chief Executive (Sugar) and his holding and continue to hold office of profit in the Company."

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

"Resolved that the Authorised Share Capital of the Company be and is hereby increased from Rs.50,00,00,000 (Rupees Fifty Crores) divided into 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- (Rupees Ten) each and 10,00,000 (Ten Lacs) 13.5% Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One Hundred) each to Rs.75,00,00,000 (Rupees Seventy Five Crores) divided into 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- (Rupees Ten) each, 10,00,000 (Ten Lacs) 13.5% Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One Hundred) each and 25,00,000 (Twenty Five Lacs) Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One Hundred) each with such rate of dividend and with such rights as may be determined by the Board of Directors at the time of issue thereof."

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

"Resolved that clause V in the Memorandum of Association of the Company be substituted by the following :

The Authorised Share Capital of the Company is Rs.75,00,00,000 (Rupees Seventy Five Crores) divided into 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- (Rupees Ten) each, 10,00,000 (Ten Lacs) 13.5% Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One Hundred) each and 25,00,000 (Twenty Five Lacs) Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One Hundred) each with such rate of dividend and with such rights as may be determined by the Board of Directors at the time of issue thereof."

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

"Resolved that Article 3 in the Articles of Association of the Company be substituted by the following :

The Authorised Share Capital of the Company is Rs.75,00,00,000 (Rupees Seventy Five Crores) divided into 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- (Rupees Ten) each, 10,00,000 (Ten Lacs) 13.5% Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One Hundred) each and 25,00,000 (Twenty Five Lacs) Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One Hundred) each with such rate of dividend and with such rights as may be determined by the Board of Directors at the time of issue thereof."

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

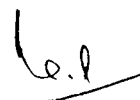
"Resolved that in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Financial Institutions, and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary and subject to the conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, 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 Board in that behalf, consent and approval be and the same are hereby accorded to the Board, to issue/offer Redeemable Cumulative Preference Shares of the face value of Rs. 100/- each or any other financial instruments (hereinafter for brevity's sake referred to as "Securities") of an aggregate amount not exceeding Rs.25 crores as the Board or Committee thereof at its sole discretion may at any time or times hereafter decide, to the Members, Employees, Indian Financial Institutions, Investment Institutions, Banks, Mutual Funds, Corporate Bodies, Non-resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) and such other persons, whether members of the Company or not either through public issue, rights issue, private placement, exchange of securities, conversion of loans or otherwise for meeting present and future business requirements or any other corporate purposes as the Board or Committee thereof may deem fit and/or by any one or more or a combination of the above modes/methods or otherwise and in one or more tranches, at such price or prices and at such premium or premia, at such rate of dividend or interest and on such terms and conditions as to redemption period, manner of redemption and fixing of record date or book closure and related or incidental matters, as the Board or Committee thereof may in its absolute discretion think fit.

Resolved further that the Board or Committee thereof be and is hereby authorised, on or before redemption of the Preference Shares issued pursuant to this resolution, to issue fresh shares up to the nominal amount of the Shares redeemed or about to be redeemed as if those shares had never been issued to persons and in manner and on terms referred to herein above.

Resolved further that such of these securities to be issued or re-issued as are not subscribed may be disposed of in whole or in part or annuled as the Board or Committee thereof may deem fit in favour of and to such persons (whether or not members of the Company) and in such manner and on such terms as the Board or Committee thereof in its absolute discretion think to be in the interest of and beneficial to the Company including offering or placing them with Banks, Indian Financial Institutions, Invstment Institutions, Mutual Funds, Corporate Bodies, Foreign Institutional Investors, Overseas Corporate Bodies or such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide.

Resolved further that for the purpose of giving effect to this Resolution, the Board or Committee thereof 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 of the issue of the securities and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, desirable or expedient as the Board or Committee thereof may deem fit".

By Order of the Board
For DCM Shriram Consolidated Limited



(V.P. AGARWAL)
Executive Director &
Secretary

New Delhi
29.8.1997

Notes:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A Proxy Form is sent herewith.
3. The Share Transfer Books and the Register of Members of the Company will remain closed from 16th September, 1997 to 30th September, 1997 (both days inclusive), for the payment of final dividend.
4. Members, who are holding shares in identical names in more than one folio, are requested to write to the Company enclosing their share certificate(s) to enable the Company to consolidate their holdings in one folio.
5. Members are requested to notify immediately any change in their address to the Company quoting their folio number.
6. Members who have not yet returned their undivided DCM Limited's Share Certificate(s) to DCM Ltd. may do so promptly to enable the Company to forward the new certificate(s) to them.
7. Members who have not yet surrendered the Letter(s) of Allotment for exchange with the respective Debenture/ Share Certificate(s) issued pursuant to our Rights issue of 15% Secured Redeemable Partly Convertible Debentures (PCDs) of Rs.140/- each and 17% Secured Redeemable Non-convertible Debentures (NCDs) of Rs.100/- each in 1992, may do so promptly to enable the Company to forward the respective certificate(s) to them.
8. Pursuant to Section 205 A of the Companies Act, 1956 the dividends upto the financial year 1992-93 which remain unpaid/unclaimed have been transferred to the General Revenue Account of the Central Government. Shareholders concerned are requested to claim the amount from the Registrar of Companies, NCT of Delhi & Haryana, C.G.O. Complex, Lodhi Road, New Delhi. In case any assistance is required, please write to the Company at its Registered Office at 7th Floor, Prakash Deep Building, 7, Tolstoy Marg, New Delhi. Individual communication in this regard has been sent to the shareholders concerned.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO.6

The Company issued 18.75% Secured Redeemable Non-convertible Debentures of the total face value of Rs. 25 crores on private placement basis to the Financial Institutions to augment its long term resources for working capital requirements. The debentures so issued have to be secured by a mortgage/charge on the assets of the Company in the manner desired by the lenders and agreed to by the Company. The creation of mortgage requires the approval of the shareholders under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors is concerned or interested in the Resolution.

ITEM NO.7

The Company has availed financial assistance as corporate loan of Rs.10 crores from Industrial Development Bank of India (IDBI) by way of mortgage on immovable assets and by way of hypothecation of movable assets of the Company in the manner desired by the lender and agreed to by the Company. The creation of mortgage requires the approval of the shareholders under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors is concerned or interested in the Resolution.

ITEM NO.8

The Company has availed financial assistance as corporate loan of Rs.15 crores from The Industrial Credit And Investment Corporation of India Ltd. (ICICI). This loan has been secured by way of first mortgage on all the immovable properties of the Company (other than immovable properties of textile units located at Delhi-both present and future) and by way of hypothecation of movable properties of the Company (other than movable properties of textile units located at Delhi-both present and future) in the manner desired by the lender and agreed to by the Company. The creation of mortgage requires the approval of the shareholders under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors is concerned or interested in the Resolution.

ITEM NO.9

The Company proposes to engage in the business of giving guarantee(s) or providing security(ies) in connection with loan(s) made by the financial institution(s), bank(s) or any person(s) to any person(s) including body(ies) corporate. In order to enable the Company for the purpose, it is proposed to insert a new clause No.60 after clause No.59 in "Other Objects" of the Memorandum of Association of the Company which requires the approval of the shareholders.

None of the Directors is concerned or interested in the Resolution.

ITEM NO.10

Section 149(2A) of the Companies Act, 1956 requires that before commencement of any business mentioned in "Other Objects", a Company has to obtain the approval of the shareholders in this connection. Therefore, the resolution is placed for the approval of the shareholders as required under the said Section.

None of the Directors is concerned or interested in the Resolution.

ITEM NO.11

Shri Ajit S. Shriram was promoted as General Manager w.e.f. 1.4.1994 on a monthly salary of Rs.6800/- in the salary grade of Rs.6800-350-10300 plus perks/facilities as applicable to officers of his rank/category. Shri Ajit S. Shriram has been given the charge of Company's interest in sugar business. Keeping in view his present responsibility/charge and in recognition of his performance, it is proposed to promote him as Chief Executive (Sugar) w.e.f. 1.10.1997 on a monthly salary of Rs.22,500/- p.m. in the salary grade of Rs.22500-1500-30000 plus perks/facilities as applicable to officers of his rank/category.

His continuance to hold an office of profit on the enhanced salary requires approval of the shareholders by a special Resolution.

Except Shri Ajay S. Shriram and Shri Vikram S. Shriram, Directors, who are relatives of Shri Ajit S. Shriram, no other director of the Company is concerned or interested in the Resolution.

ITEM NOS.12 TO 14

To meet business requirement, it is proposed to increase the authorised share capital from Rs.50 crores to Rs.75 crores by creation of 25 lacs Redeemable Cumulative Preference shares of Rs.100/- (Rupees One Hundred) each with such rate of dividend and with such rights as may be determined by the Board of Directors at the time of issue thereof in the best interest of the Company.

None of the Directors is concerned or interested in these Resolutions.

Item No.15

It is proposed to issue Redeemable Preference shares to such person(s) whether or not members of the Company with such rate of dividend and such rights as may be determined by the Board of Directors at time or times for an aggregate value not exceeding Rs.25 crores for meeting -present and future business requirements or any other corporate purposes.

Section 81 of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the subscribed

capital of a Company by allotment of further shares, such further shares shall be offered to the persons who at the date of the offer are the holders of the equity shares of the Company in the manner laid down in the said Section unless the Company in general meeting decides otherwise.

Accordingly, to comply with the above mentioned provisions, the consent and approval of the shareholders are being sought pursuant to the provisions of the said Section and all other applicable provisions, if any, of the Companies Act, 1956.

The Resolution is an enabling Resolution conferring authority on the Board to cover all contingencies and corporate requirements.

The Resolution is recommended for the approval of the Members.

The Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of the Preference Shares that may be subscribed to by them as equity shareholders or by the Companies/Institutions of which they are Directors, Nominees or Members.

INSPECTION

The terms and conditions of appointment/promotion of Shri Ajit S. Shriram as Chief Executive (Sugar) and a copy of the Memorandum and Articles of Association of the Company will be open for inspection at the Registered Office at 7th Floor, Prakash Deep Building, 7, Tolstoy Marg, New Delhi between 11.00 A.M. to 1.00 P.M. on all working days.



