

48TH ANNUAL REPORT

1996-97

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BIRLA VXL LIMITED
DIGJAM SAUKEM OCM

BIRLA

QUALITY & INNOVATION.

T H E R E I S A

Now, for the first time, an all Indian range of fabrics that blends into world wide trends and standards. Teflon®, Lycra®,

Machine Wash and Stretch Denim from Digjam. The people who brought you DORMEUIL-DIGJAM, the only

P A T T E R N T H A T

international brand of fabric to be made in India. Woven out of the finest Merino, Cashmere, Mohair and Silk. And

various blends. Digjam fabrics come to you with several other attributes that make it the finest. The ISO 9001 certification

R U N S T H R O U G H

of quality. Consistency, that comes from the world's best equipment on which the fabric is woven. And most of all,

a high calibre of dedicated professionals who are anxious to please you. In fact, a growing demand for Digjam in the

A L L O U R F A B R I C S .

fashion centres of Europe and America puts us on the cutting edge of fabric innovation. Both at home and abroad.

You might say QUALITY & INNOVATION are the fine threads that separate us from the rest.

BIRLA-VXL'S



F I N E S U I T I N G S

BIRLA VXL LIMITED

PRINCIPAL OPERATING DIVISIONS

DIGJAM WOOLLEN MILLS, Jamnagar
OCM WOOLLEN MILLS, Amritsar
SAURASHTRA CHEMICALS, Porbandar

BANKERS

BANK OF INDIA
BANK OF AMERICA
BANK OF BARODA
BANK OF TOKYO-MITSUBISHI LTD.
CENTRAL BANK OF INDIA
PUNJAB NATIONAL BANK
STATE BANK OF INDIA
STATE BANK OF SAURASHTRA
STANDARD CHARTERED BANK
UCO BANK
UNION BANK OF INDIA

DIRECTORS

S.K. BIRLA, Chairman
A.N. LALBHAI
SIDHARTH BIRLA
R.K. CHOUDHURY
N.L. HAMIRWASIA
T. HANAMAKI
M.K. JHAWAR
V.R. MEHTA
Y.J. MOGRELIA Smt.
A.C. MUKHERJI
D.F. PATEL
V.J. PABARI
B. RATHKE
C.L. GOSWAMI



AUDITORS

LODHA & CO.,
Chartered Accountants,
14, Government Place East,
Calcutta 700069

EXECUTIVES

B. RATHKE
President & Managing Director
C.L. GOSWAMI
Executive Director
J.P. AGRAWAL
President (Group Finance)
B.K. PANSARI
President (Finance)
B.S. CHANDIRAMANI
President (International Division)
M.K. GOENKA
Joint President (Digjam Woollen Mills)
D. P. GOENKA
Joint President (OCM Woollen Mills)
RAVINDRA AGRAWAL
Joint President (Saurashtra Chemicals)
U.C. JAIN
Vice-President
GIRISH BHATIA
Secretary

CORPORATE OFFICE

VXL House,
F-45, N.D.S.E. Part
New Delhi 110049

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

REGISTERED OFFICE

Aerodrome Road,
Jamnagar 361006

BIRLA VXL LIMITED

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the Fortyeighth Annual General Meeting of the Members of the Company will be held on Saturday, the 27th September, 1997 at 10.30 a.m. at the Registered Office of the Company at Aerodrome Road, Jamnagar 361 006, to transact the following business:

1. To consider and adopt the Directors' Report and audited Balance Sheet and Profit & Loss Account as at and for the year ended 31st March, 1997.
2. To confirm payment of interim Dividend on Preference Shares and declare Dividend on Equity Shares.
3. To appoint Directors in place of Sarvashri Sidharth Birla, R. K. Choudhury, N. L. Hamirwasia and C. L. Goswami, who retire from office by rotation and being eligible, offer themselves for re-election.
4. To appoint Auditors and fix their remuneration and for the purpose, to consider and if thought fit, to pass with or without modification the following resolution, which will be proposed as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s. Lodha & Co., Chartered Accountants, Calcutta, 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 and the Board of Directors of the Company be and are hereby authorised to fix their remuneration".

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications, the following resolutions:

5. AS AN ORDINARY RESOLUTION

"RESOLVED THAT pursuant to the provisions of Articles 163A, 163B, 163C and 163D of the Articles of Association of the Company and Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, the Company hereby approves the extension of the term of appointment of Shri C.L. Goswami as a Whole-time Director of the Company beyond 25.9.96 upto 30.9.98, with liberty to either party to terminate the appointment on three months' notice in writing to the other, at a remuneration and on terms set out below :

1. Salary : Rs. 60,000/- per month, subject to such periodic increments as the Chairman of the Board may approve upto Rs. 67,500/- per month, provided that all emoluments paid shall in any case be within the overall limits laid down by Schedule XIII of the Companies Act.
2. Commission : Not exceeding 2% of the net profits of the Company, subject, however, to a maximum amount of Rs. 4,00,000/- per annum or part thereof computed in the manner laid down in Section 309(5)

of the Companies Act and as may be determined by the Board from time to time within this limit.

3. Perquisites :**Category-A :**

- i. The expenditure by the Company on hiring unfurnished accommodation, will be subject to a ceiling of 60% of the salary, over and above 10% payable by the Director as may be determined by the Board from time to time. However, expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary.
- ii. Medical reimbursement : As per Rules of the Company.
- iii. Leave Travel Concession : As per Rules of the Company.
- iv. Club Fees : Subject to a maximum of two Clubs. This will not include Admission and Life Membership Fee.
- v. Personal Accident Insurance : Premium not to exceed Rs. 4,000/- per annum.

The overall amount of perquisites, in addition to salary and commission shall be restricted to Rs. 4,50,000/- per annum.

Category-B :

The following perquisites shall not be included in the computation of the ceiling on remuneration specified in Para 1,2,3 above :

- i. contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;
- ii. gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- iii. encashment of leave as per Rules of the Company.

Category-C :

Provision of one Car with Driver for use on Company's business and telephone at residence not to be considered as perquisites. However, personal long distance calls and use of car for private purposes will be billed by the Company.

Notwithstanding, where in any financial year during the currency of tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, it may continue to pay him remuneration by way of salary and perquisites not exceeding limits specified above as minimum remuneration."

6. AS AN ORDINARY RESOLUTION

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for creation of such securities in such manner and in such form, upon such of the assets of the Company, both present and future, for securing the loans availed from time to time by the Company from the Banks/ Financial Institutions and other appropriate authorities and as may be agreed to by the Board/Committee of Directors of the Company and the Banks/Financial Institutions and other appropriate authorities."

7. AS AN ORDINARY RESOLUTION

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board/ Committee of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of all or any of the following, viz. :

1. Industrial Development Bank of India (IDBI);
2. The Industrial Finance Corporation of India Ltd. (IFCI);
3. The Industrial Credit and Investment Corporation of India Ltd. (ICICI) as lenders (lent and advanced by SCICI Ltd. which has since been merged with ICICI);
4. ICICI as Trustees for Debentureholders;
5. Bank of India

A. to secure Rupee Term Loans, Foreign Currency Loans, Corporate Loans, Secured Redeemable Privately Placed Debentures and External Commercial Borrowings, in the manner and to the extent set out below, subject to such modifications as might be agreed amongst the participants mentioned above.

1. Rupee Term Loan not exceeding Rs. 3000 lacs (Rupees Three thousand lacs only) and Foreign Currency Loan equivalent to about Rs. 1000 lacs (Rupees One thousand lacs only) lent and advanced/agreed to be lent and advanced by IDBI to the Company;
2. Foreign Currency Loan of US \$ 69,30,968 equivalent to about Rs. 2500 lacs (at the date of sanction) to meet project related rupee expenditure lent and advanced/agreed to be lent and advanced by IFCI to the Company;
3. Corporate Loan not exceeding Rs. 1000 lacs lent and advanced/agreed to be lent and advanced by SCICI (since merged with ICICI) to the Company;

4. Subscription to Privately Placed Secured Redeemable Non-Convertible Debentures of Rs. 30 crores and Secured Redeemable Non-Convertible Debentures not exceeding Rs. 25 crores to be placed privately; and

5. External Commercial Borrowing (ECB) of US Dollars 3 million equivalent to about Rs. 1065 lacs advanced by Bank of India, together with interest at the respective agreed rate, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and all other monies (including additional amount payable on account of any escalation clause or any revaluation or devaluation or fluctuation in the rates of exchange of foreign currencies involved) payable by the Company to ICICI, IFCI, IDBI and Bank of India, in terms of their respective Loan Agreements/Subscription Agreements/ Hypothecation Agreements/ Letters of Sanction/Memorandum of terms and conditions as amended from time to time entered into/to be entered into by the Company, in respect of the said Rupee Term Loans, Foreign Currency Loans, Corporate Loans and Debentures.

B. to the Board/Committee of Directors of the Company agreeing with all or any of the said IDBI/ IFCI/ICICI as Lenders and ICICI as Trustees for Debentureholders and Bank of India, in terms of their respective Loan Agreements/Subscription Agreements/Hypothecation Agreements/Letters of Sanction/Memorandum of terms and conditions as amended from time to time to reserve a right to take-over the management of business and concern of the Company in certain events.

RESOLVED FURTHER THAT the Board/Committee of Directors of the Company be and is hereby authorised to finalise with IDBI/IFCI/ICICI as Lenders and ICICI as Trustees for Debentureholders and Bank of India, documents for creating aforesaid mortgage and/or charge and for reserving the aforesaid right and to do all such acts, deeds and things as may be necessary for giving effect to the above resolution."

8. AS AN ORDINARY RESOLUTION

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or creating second mortgage and charge by the Board/Committee of Directors of the Company on all movable and immovable properties of the OCM Woollen Mills Division, Amritsar, of the Company wheresoever

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situate, present and future and/or conferring power to enter upon and take possession of the assets of the OCM Woollen Mills Division of the Company, subject to the prior written consent of the first chargeholders in certain events to or in favour of any of the following Banks for their additional working capital facilities to the extent of Rs. 1800 lacs (enhanced from Rs. 5500 lacs to Rs. 7300 lacs). The present enhanced limits are as under :

Name of Bank	(Lac Rs.)		
	Fund based facility	Non-Fund based facility	Total facility
Bank of India	1900	1000	2900
Union Bank of India	1025	600	1625
State Bank of India	775	380	1155
Bank of Tokyo-Mitsubishi Ltd.	350	120	470
Bank of America	200	—	200
Standard Chartered Bank	750	200	950
	<u>5000</u>	<u>2300</u>	<u>7300</u>

together with interest, additional interest, premia on prepayment or on redemption, costs, charges, expenses and other monies payable in the Joint Deed of Hypothecation.

RESOLVED FURTHER THAT the mortgage and charge to be created as above shall rank subsequent and subservient to the mortgages and charges created/to be created in favour of Financial and Investment Institutions for the various Term Loans etc. given by them and for various Debentures etc. allotted to them.

RESOLVED FURTHER THAT the Board/Committee of Directors be and is hereby authorised to modify and finalise with The Industrial Credit and Investment Corpn. of India Ltd. (ICICI), The Industrial Finance Corpn. of India Ltd. (IFCI)/aforesaid Banks, if deemed necessary, documents creating the aforesaid mortgage and/or second charge and to do all such acts, deeds and things as may be necessary, for giving effect to the above resolution."

9. AS AN ORDINARY RESOLUTION

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or creating second mortgage and charge by the Board/Committee of Directors of the Company on all movable and immovable properties of Digjam Woollen Mills Division, Jamnagar of the Company, wheresoever situate, present and future and/or conferring power to enter upon and take possession of the assets of the Digjam Woollen Mills Division of the Company, subject to the prior written consent of the first chargeholders in certain events to or in favour of any of the following Banks and for the amounts mentioned therein in respect of each Bank:

Name of Bank	(Lac Rs.)		
	Fund based facility	Non-Fund based facility	Total facility
UCO Bank	2100	1350	3450
State Bank of India	900	500	1400
Punjab National Bank	1050	550	1600
Bank of Baroda	200	100	300
Bank of America	100	—	100
	<u>4350</u>	<u>2500</u>	<u>6850</u>

together with interest, additional interest, premia on prepayment or on redemption, costs, charges, expenses and other monies payable in the Joint Deed of Hypothecation.

RESOLVED FURTHER THAT the Board/Committee of Directors be and is hereby authorised to modify and finalise with The Industrial Credit and Investment Corpn. of India Ltd. (ICICI), The Industrial Finance Corporation of India Ltd. (IFCI) and aforesaid Banks, if deemed necessary, documents creating the aforesaid mortgage and/or second charge and to do all such acts, deeds and things as may be necessary, for giving effect to the above resolution."

10. AS AN ORDINARY RESOLUTION

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company, such sanctioned number of dwelling units at OCM Woollen Mills, Amritsar, to be constructed with the assistance from Housing Development Finance Corporation Ltd. (HDFC), under the Company's project in this behalf and/or conferring power to enter upon and take possession of the said properties in certain events to or in favour of HDFC to secure corporate loan of Rs. 1 crore at a rate of interest and on the terms and conditions contained in the Letter of Intent dated 30.8.94 received from HDFC, together with interest at the agreed rate, commitment charges and any other dues in terms of Loan Agreement entered/to be entered into by the Company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to finalise with HDFC documents for creating aforesaid mortgage and/or charge reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution."

11. AS A SPECIAL RESOLUTION

"RESOLVED THAT in accordance with the provisions of 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), and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with

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the Stock Exchange(s) where the shares of the Company are listed and subject to the approval of the Financial Institutions (FIs), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) 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 such 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 and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot Preference Shares from time to time upto an aggregate amount not exceeding Rs. 45 crores for cash at par and upon redemption of such Preference Shares in whole or in part from time to time to reissue, offer and allot further Preference Shares within such aggregate limit of Rs. 45 crores from time to time and that such authority shall be a continuing authority to the Board to make such further issue of Preference Shares within such limit on any subsequent redemption of such Preference Shares or any part thereof from time to time as may be considered fit and proper by the Board so as however, that the issued Preference Capital at any time shall not exceed Rs. 45 crores and that such issues may be made with or without detachable or non-detachable warrants or any other Financial instruments hereinafter for brevity's sake referred to as the "Securities" as the Board at its sole discretion may at any time or times hereafter decide and that such issue, offer and allotment may be made to the Members, Debentureholders, Employees, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, whether through public issue, rights issue, private placement, exchange of securities, conversion of loans or otherwise and for general corporate purposes including redemption of Preference Shares, capital expenditure, working capital requirements, strategic investments, as the Board 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, as the Board or Committee thereof may in its absolute discretion think fit, in consultation with the Lead Managers, underwriters, advisors and such other persons and on such terms and conditions including the number of shares to be issued, rate of dividend, redemption period, manner of redemption, the ratio of exchange of shares and/or Warrants and fixing the record date or Book Closure and related or incidental matters.

RESOLVED FURTHER THAT such of these Securities to be issued, as are not subscribed may be disposed of by the Board/Committee thereof, to such persons and in such manner and on such terms as the Board or

Committee in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors 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 the 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 of issue of the Securities and further to do all such acts, deeds, matters and things to finalise and execute all documents and writings as may be necessary, desirable or expedient as it may deem fit."

The Register of Members of the Company will remain closed from 12.9.97 to 27.9.97 (both days inclusive).

Registered Office :
Aerodrome Road,
Jamnagar 361006

By Order of the Board

GIRISH BHATIA
Secretary

Dated : 28th June, 1997

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. The instrument appointing a proxy has to be deposited at the Company's Registered Office at Aerodrome Road, Jamnagar-361 006, not less than 48 hours before the time for holding the aforesaid meeting.
3. Dividend on Equity Shares declared at the Annual General Meeting will be paid to those Shareholders, whose names stand on Register of Members of the Company on 27th September, 1997 and to whom Dividend Warrants will be posted on or before 7th November, 1997.
4. The instruments of share transfer complete in all respects should be sent to the Company's Registrars and Transfer Agents— M/s. ABC Computers Pvt. Ltd., National Council of Education Bldg., Jadavpur University Campus, Calcutta-700032, well in advance, so as to reach them prior to Book Closing. Shares under any defective transfer (unless defect is removed prior to Book Closing) and/or instruments of transfer received during the period of Book Closing shall be considered after re-opening of the books.
5. Shareholders are requested to intimate the Company's Registrars and Transfer Agents as mentioned in Note No. 4 above, changes, if any, in their registered addresses including PIN CODE Number.

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6. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed Dividends upto the Financial Year 1992-1993 have been transferred to the General Revenue Account of the Central Government. The Company had individually informed the Shareholders concerned about the particulars of the unclaimed Dividend transferred to the General Revenue Account. Shareholders who have not encashed the Dividend Warrants upto the said period are requested to claim the amount from the Registrar of Companies, Gujarat, Ahmedabad, by submitting an application in the prescribed form. The unclaimed Dividends for the Financial Year 1993-94 will also be transferred to the said Account of the Central Government shortly. The Members, who have not yet claimed their Dividend for the said year, may claim it now before the same is so transferred.

The unpaid Dividends that are due for transfer to the Central Government are as follows :

Financial Year ended Due for transfer on

31.3.1994	25.8.1997
31.3.1995	10.10.1998
31.3.1996	7.11.1999

7. With a view to provide protection against fraudulent encashment of Dividend Warrants, Shareholders were requested by the Company to provide their Bank Account numbers, names and addresses of the Bank branches to enable the Company to incorporate the said details in the Dividend Warrants. Although several Shareholders responded to this request, a large number have not yet provided such information. These Members are once again requested to provide abovementioned details quoting their Folio numbers. Members will appreciate that the Company will not be responsible for any loss arising out of fraudulently encashed Dividend Warrants.
8. Members holding more than one Share Certificate in the same name under different Ledger Folios, are requested to apply for consolidation of such folios and send relevant Share Certificates to the Company's Registrars and Transfer Agents as stated in Note No. 4 above.
9. Members attending the meeting are requested to complete the enclosed slip and deliver the same at the entrance of the Meeting Hall.
10. Persons attending the Annual General Meeting are requested to bring their copies of Annual Reports as the practice of distribution of copies of the Annual Report at the meeting has been discontinued.
11. Shareholders of (the erstwhile) Western Bengal Coal Fields Ltd. (WBCF) which merged with Universal Electrics Ltd. (UEL) WEF 1.7.82 and UEL and The Oriental Carpet Manufacturers (India) Ltd. (OCM) which merged with the Company WEF 1.7.83 who have not yet surrendered the Share Certificate of the said erstwhile companies, viz. WBCF, UEL and OCM held by them are requested to surrender the same immediately at 9/1, R.N. Mukherjee Road, Calcutta 700 001, in order to

enable us to send Share Certificates of the Company in lieu thereof, as also to send prorata sale proceeds towards fractional entitlement, if any.

12. SHAREHOLDERS OF THE COMPANY ARE AGAIN REMINDED TO SURRENDER ALLOTMENT LETTER FOR 12.5% FULLY CONVERTIBLE DEBENTURES DULY DISCHARGED ALONG WITH RECEIPTED ALLOTMENT ADVICE-CUM-ALLOTMENT MONEY NOTICE TO THE COMPANY'S REGISTRARS AND TRANSFER AGENTS, AS MENTIONED IN NOTE NO. 4 ABOVE, TO ENABLE THEM TO DESPATCH FULLY PAID DEBENTURE-CUM-SHARE CERTIFICATE IN LIEU THEREOF.

13. For any further information regarding the said Accounts, advance intimation be given and the Members should ensure that it reaches Birla Building, 9/1, R.N. Mukherjee Road, Calcutta-700001 at least 10 days before the date of the ensuing meeting.

14. **EXPLANATORY STATEMENT** pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business stated above is appended below :

Item No. 5

In view of the continued growth of the Company's activities and the need for greater development work in this area, it was considered to be in the interests of the Company to extend the term of appointment of Shri C. L. Goswami as Whole-time Director of the Company beyond 25.9.96 upto 30.9.98. Accordingly, pursuant to the provisions of Articles 163A, 163B, 163C and 163D of the Articles of Association of the Company and Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Shareholders in General Meeting in due course, the Board of Directors at its meeting held on 25.10.96 had extended the term of appointment of Shri C. L. Goswami, as a Whole-time Director beyond 25.9.96 upto 30.9.98 on the salient terms and conditions as set out in the resolution in Item No. 5 of the convening notice.

The appointment and remuneration payable to Shri Goswami as Whole-time Director requires the approval of the Company in General Meeting, in terms of part III of Schedule XIII of the Act and the remuneration so payable to him also requires the approval of the Members of the Company in General Meeting under Section 309 of the Act.

Shri Goswami is concerned or interested in the resolution concerning his appointment and remuneration. Save as aforesaid, no other Director of the Company is concerned or interested in the resolution.

An abstract of the terms of appointment and remuneration payable to Shri C. L. Goswami as Whole-time Director with effect from 26th September, 1996 have already been circulated on 25.10.96 to the Members, as required under Section 302 of the Companies Act, 1956.

Item No. 6

In order to meet working capital and other financial requirements, the Company avails from time to time loans from Banks/Financial Institutions and other authorities. The said loans if and when availed are required to be secured by mortgage and/or charge on certain assets of the Company, both present and future and since mortgaging/charging by the Company of its immovable and/or movable properties may be considered as disposal of the Company's properties and undertakings, it is necessary for the Shareholders to pass resolution under Section 293(1)(a) of the Companies Act, 1956, before the creation of such mortgage/charge.

Item No. 7

The Company has approached Industrial Development Bank of India (IDBI), The Industrial Credit and Investment Corporation of India Ltd. (ICICI) (loans advanced by SCICI, which has since been merged with ICICI), ICICI as Trustees for Debentureholders, Bank of India and the Industrial Finance Corporation of India Ltd. (IFCI) (hereinafter collectively referred to as "the Financial Institutions") for financial assistance in the form of Rupee Term Loan, Foreign Currency Loan, Corporate Loan and subscription to Debentures, External Commercial Borrowing, to part finance the cost of the Company's expansion scheme to install 10,008 Spindles at its Digjam Woollen Mills Unit at Jamnagar, Gujarat, set up a co-generation power plant at its Saurashtra Chemicals Unit at Porbandar, Gujarat and to meet its other requirement of funds at its OCM Woollen Mills Unit at Amritsar, Punjab, normal capital expenditure and long term working capital requirements and other corporate purposes.

The financial assistance from the Financial Institutions has to be secured by a first mortgage in a form satisfactory to the Financial Institutions of all the immovable properties of the Company, wheresoever situate, both present and future and a charge by way of hypothecation of all the movables, save and except book debts, but including movable machinery, machinery spares, tools and accessories, present and future, subject to prior charges created and to be created on specific equipment obtained under deferred credit and subject also to the charges on current assets created/to be created in favour of the Bankers for securing working capital requirements. The above mortgage and charge will rank pari passu with the charges created and/or to be created in favour of the Trustees of the existing/proposed Debentures and other existing term lenders and Banks.

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a public Company shall not without the consent of such public Company in General Meeting, sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or

substantially the whole of such undertaking. Since the charging by the Company of its immovable and movable properties as aforesaid in favour of the Financial Institutions may be regarded as disposal of the Company's properties/undertakings, it is necessary for the Members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors may be considered to be interested in passing of this resolution.

Item No. 8 & 9

OCM Woollen Mills and Digjam Woollen Mills, Divisions of the Company, enjoy substantial Fund based and Non-fund based Working Capital Credit facilities from consortium of Banks. As a part of terms and conditions of the revision/sanction of credit limits to both the Divisions, the Company is required to mortgage/create second charge on all the movable and immovable assets of the above Divisions of the Company, as described in the resolutions, subject to approval of ICICI, who is acting as the Lead Institution for the Term Loan/financial assistance availed by the Company.

None of the Directors may be considered to be interested in passing of the said resolutions.

Item No. 10

The Company has approached Housing Development Finance Corporation Ltd. (HDFC) for financial assistance under HDFC's policies in respect of its loan to bodies corporate, to meet a part of the cost of the Company's project of constructing Dwelling Units at its OCM Woollen Mills, Amritsar.

The financial assistance from HDFC has to be secured by mortgage in a form satisfactory to HDFC of all the Dwelling Units being constructed under the Scheme from the financial assistance from HDFC.

Section 293(1)(a) of the Companies Act, 1956 provides inter alia that the Board of Directors of a public Company shall not, without the consent of such public Company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking.

Since the charging by the Company of its immovable properties as aforesaid in favour of HDFC may be regarded as disposal of Company's properties/undertakings, it is necessary for the Members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgage.

None of the Directors is interested in such resolution.

Item No. 11

To augment its long term capital requirements in order to finance the growing volume of business and/or to redeem existing Preference Shares and Preference Shares to be issued hereafter, it becomes necessary to raise finance at appropriate times and the Company is considering to raise finance through one of such means,