

# Freshtrop

**FRESHTROP FRUITS LIMITED**





## The APEDA Export Award



Certificate Of Merit For Export Of Quality Products  
& Market Development For The Year 2005 - 2006

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## CNBC Emerging India Award



Freshtrop received the Emerging India Award powered by CRISIL  
under the FMCG Food & Agri business category during the year 2007.



# Freshtrop

FRESHTROP FRUITS LIMITED

<b>CONTENTS .....</b>	<b>PAGE NOS.</b>
Notice .....	3-10
Directors' Report .....	11-13
Management Discussion & Analysis .....	14-15
Corporate Governance Report .....	16-22
Auditors' Report .....	23-24
Balance Sheet .....	25
Profit and Loss Account .....	26
Cash Flow Statement .....	27
Schedules Forming part of Accounts .....	28-32
Notes on Accounts .....	33-37
Balance Sheet Abstract .....	38



**ANNUAL REPORT**  
**2006 - 2007**

**BOARD OF DIRECTORS**

Mr. Ashok V. Motiani — *Chairman & Mg. Director*  
Mrs. Nanita A. Motiani — *Executive Director*  
Mr. Ramchandra Joshi - *Director*  
Mr. Mayur Shah - *Director*

**AUDITORS**

M/S. Mayank Shah & Associates  
Chartered Accountants,  
706, Mahakant,  
Opp. V. S. Hospital, Ellisbridge,  
Ahmedabad - 380 006

**BANKERS**

AXIS Bank  
ICICI Bank

**REGISTERED OFFICE**

A-603, Shapath IV,  
Opp. Karnavati Club,  
S.G. Road,  
Ahmedabad - 380 051. Gujarat, INDIA.

**PLANT - I**

Gat. No. 171, Village Jaulke,  
Ta. : Dindori, Bombay Agra Road,  
Dist. : Nasik-422 207  
Maharashtra, INDIA.

**PLANT - II**

Survey No. 1366, Savlej-Wayfale Road,  
Siddhewadi, Post Savlej, Taluka Tasgaon,  
Dist. Sangli - 416 311, Maharashtra, INDIA

**PLANT - III**

Gat No. 2425, 2426, 2430 & 2431  
Malharpur, Pandharpur Road,  
Post. Kaledhone, Tal. Khatav, Dist. Satara,  
Maharashtra, INDIA

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As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting

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**NOTICE**

**NOTICE** is hereby given that 15th Annual General Meeting of the Members of Freshrop Fruits Limited, will be held on Friday, 28th September, 2007 at 11.00 a.m. at Karnavati Club, S. G. Road, Ahmedabad-380 051 to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 and Profit and Loss Account for the period ended on that date together with the Director's Report and Auditor's Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Mayur Shah, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

**SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modifications, the following resolution as **Special Resolution** :

RESOLVED THAT subject to the approval of the Central Government u/s 314(1B) of the Companies Act, 1956, the consent of the company be and the same is hereby accorded to Mrs. Priyanka Tandon daughter of Mr. Ashok Motiani and Mrs. Nanita Motiani, the Managing Director and Executive Director of the company respectively on a revised salary of Rs.1,00,000/- p.m. in the grade of Rs.1,00,000 - 10,000 - 1,50,000 - 15,000 - 2,25,000/- w. e. f. the date of approval of Central Government for holding and continue to hold an office or place of profit as Operations Manager in the company and that she shall be further entitled as per the Rules of the company to such other extra increments allowance, leave benefits, amenities and entitlements including medical reimbursement which are applicable to other officers of the same category.

6. To consider and if thought fit, to pass with or without modifications, the following resolution as **Special Resolution**

**"RESOLVED THAT** pursuant to Section 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approvals of Central Government, as may be required, the consent and approval of the company be and is hereby accorded to the payment of remuneration to Mr. Ashok Motiani as Managing Director of the company on the revised terms and condition for the remaining tenure w. e. f. 1st July, 2007

as mentioned in explanatory statement annexed hereto.

**"FURTHER RESOLVED THAT** in the event of any statutory amendment or modification under the Companies Act, 1956, Board of Directors be and are hereby authorized to vary, enlarge, increase and modify the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling and agreement between the Company and Mr. Ashok Motiani, be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

7. To consider and if thought fit, to pass with or without modifications, the following resolution as **Special Resolution**

**"RESOLVED THAT** subject to the provisions of the Companies Act, 1956 (including any statutory modifications thereof) or re-enactments thereof for the time being in force, Security Exchange Board of India (Delisting of Securities) Guidelines 2003, Securities Contract(Regulations) Act, 1956 and the rules framed there under, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to and by the Board of Directors of the company (hereinafter referred to the as "the Board" which terms shall be deemed to include any committee thereof for the time being exercising the powers conferred on Board by the resolution), the consent of the company be and is hereby accorded to de-list the equity shares of the company from The Ahmedabad Stock Exchange."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as **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 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



**FRESHTROP FRUITS LIMITED**

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, not exceed a sum of Rs. 50,00,00,000/- (Rupees Fifty 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.

9. To consider and if thought fit, to pass with or without modifications, the following resolution as **Ordinary Resolution**

**RESOLVED THAT** approval/consent be and is hereby granted in terms of Section 293(1) (a) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), to 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) to mortgage and / or charge, in additions to the mortgages/charges created / to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/ or immovable properties of the Company , both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the company in certain events of default, in favour of the Lender(s), Agents(s) and Trustee(s), for securing the borrowings availed /to be availed by the company and /or any of the Company's holding/ subsidiary / affiliate / associate company, by way of loan(s) (in foreign currency and /or rupee currency) and Securities (comprising fully/partly Convertible Debentures and/or Non Convertible Debentures with or without detachable or non detachable Warrant and/or secured premium notes and/or floating rates notes/bonds or other debt Instruments), issued / to be issued by the Company, from time to time subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956 together with interest at the respective agreed rates,

additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s)/ Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreements(s)/ Heads of Agreements(S), Debenture Trust Deed(s) or any other document, entered into/ to be entered into between the Company and the Lender(s)/Agents(s) and Trustee(s), in respect of the said loans/ borrowings / debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s)/Agent(s) and Trustee(s).

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

**"RESOLVED**

- A. That upon the recommendation of the Board of Directors of the company and subject to the necessary approvals, if any and pursuant to Article of the Articles of Association of the Company, the sum of Rs. 5,02,25,000/- out of the amount standing as on 31/03/2007 to the credit of the Company's General Reserves, be and is hereby capitalized and the same be applied on behalf of the persons, whose names appear on the Register of members of the company at the close of business to be decided by board of directors towards payment in full of 50,22,500 unissued new equity shares of the company of the face value of Rs. 10 each and that such new equity shares, credited as fully paid up, be accordingly allotted to such persons respectively in the proportion of one new equity shares for one existing equity share held by such persons respectively as on the said date and that the new equity shares so allotted shall be treated for all purposes as an increase in the nominal amount of the capital of the company held by each such member and not as income;
- B. That the new equity shares shall be allotted subject to the Memorandum and Articles of Association of the company;
- C. That the new equity shares shall upon allotment have the same rights of voting as the existing equity shares and be treated for all other purposes *pari passu* with the existing equity shares.



## ANNUAL REPORT 2006 - 2007

- D. That the members to whom the new equity shares are allotted in accordance with paragraph(A) hereof shall accept the same in full and final settlement, satisfaction and discharge of their respective rights and interests in the capitalized sum of Rs.5,02,25,000/-.
- E. That no letter of allotment shall be issued and the certificates in respect of the new equity shares as aforesaid shall be delivered within one month from the allotment there of and will be credited to demat account of share holders at the record date;
- F. That for the purpose of giving effect to this resolution, the Directors of the company be and hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the issue and distribution of the new equity shares or as they may think fit.
- "RESOLVED FURTHER that subject to unforeseen or unavoidable adverse circumstances, the Directors intend to declare and/or to recommend the declaration of dividend at the rate of not less than 25% (percent) on the expanded paid up share capital of the company in the year immediately after the issue and allotment of bonus shares."
11. To consider and if thought fit, to pass with or without modifications, the following resolution as **Special Resolution**
- "RESOLVED THAT pursuant to section 94 and other applicable provisions, if any of the Companies Act, 1956 the Authorised Share Capital of the company be and is hereby increased from Rs.6,00,00,000 (Rupees Six Crores Only) to Rs.15,00,00,000.- (Rupees Fifteen Crores Only) by creating further 90,00,000 (Ninety Lacs only) equity shares of Rs. 10/- each ranking pari passu."
- "RESOLVED THAT clause V of the Memorandum of Association be and is hereby substituted by the following new Clause V:
- The Authorised share capital of the company is Rs.15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lacs Only) Equity Shares of Rs. 10/- (Rupees Ten only) each."
- "RESOLVED THAT subject to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association be and are hereby altered by deleting the existing Article No. 4 and substituting the following new Article No. 4: "
- The Authorised share capital of the company is Rs.15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lacs Only) Equity Shares of Rs. 10/- (Rupees Ten only) each. The company may increase or reduce the capital, and divide the shares in the capital for the time being into shares of several classes and attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions may vary, modify or abrogate any such rights, privileges or condition in such manner as may for the time being be provided by the Article of Association of the company.
12. To consider and if thought fit, to pass with or without modifications, the following resolution as **Special Resolution**
- "RESOLVED that pursuant to the provisions of Section 81 (1 A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force), the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time (the "Guidelines") and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities or bodies and subject to such conditions as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions which the Board of Directors of the company (the "Board") (which term shall be deemed to include any committee thereof) be and is hereby authorised to accept, the approval of the company be and is hereby accorded to the Board to create, offer and grant an aggregate of up to 1,00,000 Equity Shares (One Lac) options to the employees (as defined under the Guidelines) of the company, each option convertible into one equity shares of the face value of Rs 10/- each on payment of such exercise price as may be decided by the Board and as per the terms and conditions framed / to be framed by the Board with regard to the Employee Stock Option Scheme 2007. ("ESOS 2007")
- "RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot equity shares as and when the options are exercised in accordance with the terms and conditions of the said ESOS 2007-08."
- "RESOLVED FURTHER that the Board be and is hereby authorised to modify or amend any of the terms and conditions of the ESOS 2007 as and when deemed fit, in its absolute discretion, subject to the condition that such modification / amendment shall always be in accordance with the provisions of the said



**FRESHTROP FRUITS LIMITED**

Guidelines and the provisions of the Companies Act, 1956."

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do and perform 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 grant of options / issue & allotment of shares and utilisation of the proceeds and to finalise and execute all documents and writings as may be necessary, desirable or expedient."

Date : 03.09.07

By order of the Board

**Regd. Office :**

For Freshtrop Fruits Ltd.

A-603, Shapath IV,  
Opp. Karnavati Club,  
S G Road  
Ahmedabad - 380 051

**Ashok Motiani**  
Chairman &  
Managing Director

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.  
Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
2. The Proxies should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 18th September, 2007 to 28th September, 2007 (both days inclusive).
4. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 11.00 a.m. to 5.00 p.m. up to the date of Annual General Meeting.
5. Any query relating to Accounts must be sent to the Company's registered office at A-603, Shapath IV, Opp. Karnavati Club, S.G. Road, Ahmedabad - 380 051 at least 7 days before the date of the meeting.
6. Additional details in terms of Clause 49 of Listing Agreement in respect of Directors being re-appointed are given as under:

**EXPLANATORY STATEMENT**

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

**ITEM NO. 5**

Mrs. Priyanka Tandon who has been holding the office of Executive of the company is a relative of Mr. Ashok Motiani and Mrs. Nanita Motiani who are Managing Directors and Executive Director of

your company. Sub section (1B) of Section 314 of the Companies Act, 1956 provides that no relative of a Director should hold any office or place of profit in the company which carries total monthly remuneration of less than Rs.50,000/- except with consent of the company by Special Resolution. The consent of the shareholders was already been obtained in 12th Annual General Meeting held on 20th September, 2004. However during the last two years there is tremendous increase in activities of the company and responsibilities taken up by Mrs. Priyanka Tandon. The Board of Directors taking into consideration her experience, alternative salary structure for similar employment to other personal and future work load of the company decided to increase her remuneration as mentioned in the resolution subject to approval of Central Government as required by sub-section (1B) of section 314 of the Companies Act, 1956.

Mrs. Priyanka Tandon is qualified with a proven track record demonstrating good administrative & HR skills along with quality consciousness. Her knowledge and experience in the area of EurepGAP which is becoming mandatory for the fresh product suppliers to the European market is noteworthy. Her steadfast commitment to quality and sincerity of discharging responsibilities are an invaluable asset for your company. Your Directors are confident that Mrs. Priyanka Tandon in a senior cadre of your Company will benefit it significantly.

The Board recommends the resolution for approval of Shareholders.

None of the Directors except Mr. Ashok Motiani and Mrs. Nanita Motiani are interested in the aforesaid resolution and recommend your acceptance thereof in the interest of the Company.

**ITEM NO.6**

Mr. Ashok Motiani, Managing Director was re-appointed as Managing Director for the period of 5 years w. e. f. 1st August, 2006 on remuneration of Rs.2,00,000/- p.m. and perquisites as approved by shareholders at last Annual General Meeting held on 29th September, 2006. The Board at its meeting held on 30th June 2007 has decided to revised his remuneration on the terms and conditions, as mentioned in the draft agreement, with effect from 1st July 2007, subject to approval of the shareholders and Central Government.

The terms of remuneration payable to Mr. Ashok Motiani as a Managing Director of the Company, as mentioned below, are within the permissible limits under schedule XIII of the Companies Act, 1956. The remuneration package will be as follows:

- (a) Salary : Rs.3,50,000/- p.m. - Rs.50,000/- - Rs.6,00,000/-
- (b) Perquisites : In addition to salary, the following perquisites shall be allowed to the Managing Director



## ANNUAL REPORT 2006 - 2007

**CATEGORY - "A"**

## i) Housing

The company shall provide furnished accommodation to the Managing Director. If the Managing Director is having his own accommodation, the company shall pay house rent allowance at the rate of Rs.20,000/- p.m. subject to a limit of 20% of his salary.

The company shall provide equipment and appliances furniture, fixtures, and furnishing at the residence of the Managing Director at the entire cost of the company.

The company shall reimburse the expenses of gas, electricity, water etc. The expenditure on these, valued in accordance with the Income-tax Rules, shall not exceed 10% of the salary.

## ii) Medical Reimbursement :

Reimbursement of medical expenses incurred including premium paid on health insurance policies whether in India or abroad, for self and family including hospitalization, surgical charges, nursing charges and domiciliary charges for self and for family.

## iii) Leave Travel Concession :

The Company shall provide leave travel fare\*for the Managing Director and his family once in a year,

## iv) Personal Accident Insurance :

The Company shall pay Personal Accident Insurance premium up to Rs. 5000/- per annum.

## v) Club Fee :

The Company shall pay and / or Reimburse Fees and Expenses (excluding admission and Life membership fees) of clubs, subject to a maximum of two clubs.

**CATEGORY - "B"**

## i) The Company shall contribute towards Provident Fund / Superannuation Fund/ annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.

## ii) The company shall pay Gratuity at the rate not exceeding half month's salary for each completed year of service.

## iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

**CATEGORY - "C"**

## 1. The company shall provide a Car with Driver at the entire cost of the Company for use for

the business of the Company. Use of car for personal purposes shall be billed by the Company.

## 2. The Company shall provide telephone including mobile phone, internet at the residence of the Managing Director at the entire cost of the Company. Personal long distance calls shall be billed by the Company.

## 3. The Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however, be reimbursed the actual traveling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/ or committees thereof.

## 4. The total remuneration as referred above is subject to the limit of 5% of the annual net profits of the company and subject further to the overall limit of 10% of the annual net profits of the company on the remuneration of the Managing Director and other Executive Directors of the company taken together. Provide, however, that in the event of absence or inadequacy of profit, the Managing Director shall be entitled to remuneration mentioned under (a) above and perquisites as above within the minimum remuneration specified in Schedule XIII to the Companies Act, 1956.

## 5. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the company.

## 6. The Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.

## 7. "Family" means the spouse, dependent children and dependent parents of Managing Director.

## 8. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be allowed.

The Board recommends his appointment with higher remuneration looking to his indispensable and key management position to the company.

Mr. Ashok V Motiani is the Managing Director of Freshtrop Fruits Ltd. A Company he founded in 1992. Freshtrop is into the business of exporting fresh fruits which it procures from farms near its facilities. It currently exports grapes and pomegranates through its three state of the art facilities, located in Nasik, Sangli and Satara district of Maharashtra. It is because of hardworking and acumen of Mr. Ashok Motiani that the company has been able to achieve such growth.

Freshtrop has a well reputed client base which is spread across the globe. It supplies to retailers such as ASDA (a subsidiary of Wal-Mart) and Tesco



**FRESHTROP FRUITS LIMITED**

in United Kingdom (UK), Delhaize in Belgium and Migros in Switzerland.

The company is the first EurepGAP Certified PMO (primary marketing organization) in the country and also has BRC certification. These international certifications acts a testimony to the companies produce quality and help it to garner business easily.

Mr. Ashok Motiani born on 4th December 1949 at Ahmedabad did his schooling from St. Xavier's High school Ahmedabad and finally passed out as Aeronautical Engineer from IIT Mumbai in 1972. Currently, in addition to his role as Managing Director of Freshtrop Fruits Ltd. Mr. Motiani is the Vice President of Grape Exporter's association.

All other powers, authorities and responsibilities of the Managing Director shall remain the same as per the earlier agreement.

Mr. Ashok Motiani, himself and Mrs. Nanita Motiani, his relative, none of the other Directors are interested or concerned in this resolution.

**ITEM NO.7**

Presently the company's shares are listed in the Ahmedabad and Mumbai Stock Exchanges. With the extensive networking of Mumbai Stock Exchange investors/shareholders have access to on line dealings in the company's shares across the country. Though the company's shares are traded in Mumbai Stock Exchange, no trading took place in the Ahmedabad Stock Exchange for the past 3 or more years. The Securities Exchange Board of India (Delisting of securities) Guidelines 2003, provides for voluntary delisting. Hence the company process to delist the shares from The Ahmedabad Stock Exchange. However the shares will continue to trade in the Mumbai Stock Exchange and the delisting from Ahmedabad Stock Exchange will not adversely affect the investors. Hence no exit option is given to the shareholders. The agenda is placed before the shareholders for their approval.

**ITEM NO.8**

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot, except with the consent of the company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose.

The Board of Directors accordingly recommend the resolution set out at item No. 8 of the accompanying Notice for the approval of the Members. Your approval is sought by passing an Ordinary Resolution.

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

**ITEM NO.9**

The borrowings by a Company, in general, is required to be secured by mortgage or charge on all or any of the movable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and/or charge on any of the movable properties and/or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company or of any of its holding, subsidiary, affiliate or associate company, with a power to the charge holders to take over the management of the business and concern of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary for the members to pass a Resolution under the said Section.

The Board of Directors accordingly recommend the resolution set out at item No. 9 of the accompanying Notice for the approval of the Members. Your approval is sought by passing an Ordinary Resolution.

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

**Item No.10**

The company has to the credit of its General Reserves the sum of Rs.10,45,80,880 As at 31/03/2007. The Director proposed to capitalize the sum of Rs. 5,02,25,000 to be applied for the issue of 50,22,500 new equity shares of Rs.10/- each credited as fully paid up as bonus shares. New equity shares will be issued and allotted as bonus equity shares in the proportion of (1) one such new equity shares credited as fully paid up for every (one) of existing equity shares as proposed in the resolution. The said Bonus shares shall rank *pari passu* in all respects with the existing 50,22,500 Equity Shares. It being the present intention of the Directors that in the absence of unforeseen circumstances any dividend declared for the company's accounting year commencing on 01/04/2007 will be at the rate of 25 percent on the capital as increased by the issue of bonus shares and shall also be subject to Memorandum and Articles of Association of the Company.

All the Directors of the company may be considered to be interested in the proposed resolution to the extent that would be entitled for bonus shares in relation to their above holdings in the same manner as the other shareholders of the company.

**ITEM NO.11**

The present Authorised Share Capital of the Company is Rs. 6,00,00,000 (Rupees Six Crores)