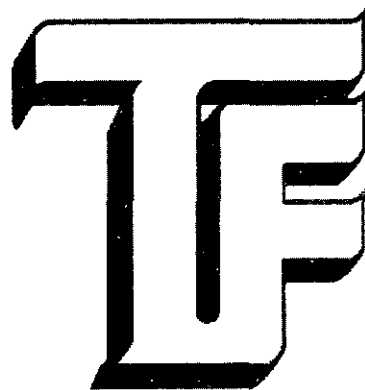


## 119TH ANNUAL REPORT APRIL-DEC.1999



**THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED**



## THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

**NOTICE OF EXTRA-ORDINARY GENERAL MEETING**

Notice is hereby given that an Extra-Ordinary General Meeting of the Members of the Company will be held on Wednesday, 28th June, 2000 at 12.30 P.M. or, soon after the conclusion of the 119th Annual General Meeting of the Company at "Patkar Hall", Nathibai Thackersey Road, Off. Maharshi Karve Road, Mumbai-400 020 to transact the following business:

"To consider, pursuant to Section 23(1)(a)(ii) of the Sick Industrial Companies (Special Provisions) Act, 1985, the erosion of more than 50% of the peak networth of the Company during the immediately preceding four financial years, as at the close of the financial year of the Company ended on 31st December, 1999, and the Report of the Board of Directors thereon and the remedial steps being taken."

By Order of the Board of Directors,

**SUDHIR THACKERSEY**  
Chairman & Managing Director

Registered Office:  
'Sir Vithaldas Chambers',  
16, Mumbai Samachar Marg,  
Mumbai-400 001.  
Date : 24th May, 2000

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. MEMBER/PROXY HOLDER MUST BRING THE ATTENDANCE SLIP TO THE MEETING AND HAND IT OVER AT THE ENTRANCE DULY SIGNED.

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# THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND THE REPORT OF THE BOARD OF DIRECTORS UNDER SECTION 23(1)(B) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

Under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, if the accumulated losses of an Industrial Company as at the end of any financial period have resulted in erosion of 50% or more of its peak networth during the immediately preceding four financial years, the Company is required within a period of 60 days from the date of finalisation of the duly Audited Accounts of the Company for the relevant financial year to report the fact of such erosion to the Board of Industrial and Financial Reconstruction and hold a General Meeting of the shareholders of the Company for considering such erosion.

The peak networth of the Company during immediately preceding four financial years was Rs. 5207.59 lacs. Based on Audited Accounts for the period ended 31st December, 1999, which will be finalised by adoption at the AGM of the Company to be held on Wednesday, 28th June, 2000, the Company's networth as on 31st December, 1999 is Rs. 494.81 lacs.

In the above circumstances, the Extra-Ordinary General Meeting is called to consider the subject as set out in the Agenda in compliance with the requirements of Section 23(1)(a)(ii) of the Sick Industrial Companies (Special Provisions) Act, 1985. The causes for the erosion are as under:

1. Company continues to suffer due to unequal competition with the decentralised sector.
2. Steep rise in the major input costs such as power, fuel, water charges, labour etc., which company is unable to pass on to its customers.

3. General recessionary conditions and over capacities prevailing in domestic as well as in and international markets.
4. Fiscal disadvantage to composite mills with introduction of stenter duties on independent processors.

The remedial steps being taken are as under:

1. Company has made detailed plans for operational improvement in the areas such as labour rationalisation, productivity and quality improvement, product-mix changes, cost cutting etc. These are being implemented vigorously.
2. The Company is negotiating with Financial Institutions and Banks for restructuring of loans including interest, which is expected to be finalised shortly.
3. Company's EOU Unit at Karad has been debonded with effect from 1st April, 2000, whereby DEPB benefit is now available for grey exports of Non-EOU Units.

The shareholders are requested to take note of the above. The Company will be reporting the matter to the Board of Industrial and Financial Reconstruction as per the requirement of Section 23(1)(a) of the Sick Industrial Companies (Special Provisions) Act, 1985.

No Director of the Company is concerned or interested in the subject.

By Order of the Board of Directors,

**SUDHIR THACKERSEY**  
Chairman & Managing Director

Registered Office:  
'Sir Vithaldas Chambers',  
16, Mumbai Samachar Marg,  
Mumbai-400 001.  
Date : 24th May, 2000



# THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

## DIRECTORS

**SUDHIR THACKERSEY**

*Chairman & Managing Director*

**CHANDRAHAS K. THACKERSEY**

**JAGDISH U. THACKERSEY**

*Executive Directors*

**RAOUL S. THACKERSEY**

*Director — Karad*

**SHRENIK KASTURBHAI LALBHAI**

**MANHARLAL C. SHAH**

**MANMOHANDAS P. VORA**

**M.R.B. PUNJA**

**P.B. DESAI (NOMINEE — IDBI)**

**D.M. POPAT**

**R.N. BANSAL**

**SHALINI S. SHAH (NOMINEE — ICICI)**

**D.S. ALVA**

## SOLICITORS

**MULLA & MULLA AND CRAIGIE,**

**BLUNT & CAROE**

**MANILAL KHER AMBALAL & CO.**

## AUDITORS

**C.C. CHOKSHI & CO.**

*Chartered Accountants*

## BANKERS

**BANK OF INDIA**

**PUNJAB NATIONAL BANK**

**SYNDICATE BANK**

**UCO BANK**

**CANARA BANK**

**UNION BANK OF INDIA**

**ICICI BANKING CORPORATION LTD.**

## REGISTERED OFFICE

**'SIR VITHALDAS CHAMBERS',**

**16, MUMBAI SAMACHAR MARG,**

**MUMBAI-400 001.**

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**119TH ANNUAL GENERAL MEETING ON  
WEDNESDAY, THE 28TH JUNE, 2000 AT  
12.00 NOON AT "PATKAR HALL", MUMBAI-400 020.**

Shareholders are requested to bring their copies of the Annual Report along with them at the Annual General Meeting.



# THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

## NOTICE

Notice is hereby given that the ONE HUNDRED AND NINETEENTH Annual General Meeting of the Shareholders of the Company will be held at "Patkar Hall", Nathibai Thackersey Road, Off. Maharshi Karve Road, Mumbai 400 020, on Wednesday, the 28th June, 2000 at 12.00 Noon to transact the following business:

1. To receive and adopt the audited Balance Sheet as at 31st December, 1999 and the Profit and Loss Account for a period of nine months ended 31st December, 1999 and to consider the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Manharlal C. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M.R.B. Punja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Raoul S. Thackersey, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the current year and fix their remuneration.

### AS SPECIAL BUSINESS:

6. 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 in accordance with the provisions of Section 198, 269, 309, 311, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment, modification or re-enactment thereof) and other requisite sanctions as may be necessary, Mr. Chandradas K. Thackersey, be and is hereby re-appointed as an Executive Director of the Company with substantial powers of management for a period of five years with effect from 6th November, 2000 on the following terms of salary, commission and perquisites in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendment thereto from time to time:

(i) Salary : Rs. 65,000/- per month in the scale of Rs. 40,000/- — Rs. 2,00,000/- with authority to the Board to fix increments from time to time.

(ii) Commission : On net profits of the Company as may be decided by the Board of Directors in their absolute discretion at the time of adoption of the annual accounts each year by the Board, to be due and payable after adoption of the accounts by shareholders and subject to the limits laid down in Section 309 of the Companies Act, 1956.

### (iii) Perquisites :

- (a) Perquisites such as furnished accommodation or House Rent Allowance, provision of gas, electricity, water and furnishings in respect of such accommodation, medical reimbursement for self and family, club fees (excluding admission and life membership fees), leave benefits, leave travel concessions for self and family, personal accident insurance and such other perquisites and on such terms and conditions as the Board may in its absolute discretion determine from time to time.
- (b) Company's contribution to Provident Fund and Superannuation Fund shall not be treated as perquisites to the extent these either singly or put together are not taxable under the Income Tax Act as applicable from time to time. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- (c) Free use of Company's car with driver for the business of the Company. Use of car for private purposes shall be billed by the

Company. Free Telephone facility at residence. All personal long distance calls shall be billed by the Company. He shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company.

- (d) The monetary value of such perquisites is to be determined in accordance with the relevant rules laid down in this regard under the Income Tax Act. In the absence of such rules the monetary value of such perquisites shall be determined at cost.

The above remuneration payable to him shall be subject to the limit of 10% of the net profits of the Company, as laid down in Section 309(3) of the Companies Act, 1956 and the overall limit of 11% of the net profits of the Company as laid down in Section 198(1) of the said Act.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised, to enter into an Agreement with Mr. Chandrahas K. Thackersey incorporating the above terms and conditions with liberty to alter and vary the terms and conditions of the said Agreement and/or revise the remuneration, perquisites and benefits to be paid or provided to Mr. Chandrahas K. Thackersey in such manner as may be agreed to between the Board and Mr. Chandrahas K. Thackersey but provided that such alterations, variations and revisions are in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time.

RESOLVED FURTHER that where in any financial year during the currency of the tenure of Mr. Chandrahas K. Thackersey, the Company has no profits or its profits are inadequate, Mr. Chandrahas K. Thackersey shall be entitled to the aforesaid remuneration (excluding commission) as minimum remuneration subject to the ceiling limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time."

7. 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 in accordance with the provisions of Section 198, 269, 309, 311, 314,

Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment, modification or re-enactment thereof) and other requisite sanctions as may be necessary, Mr. Jagdish U. Thackersey, be and is hereby re-appointed as an Executive Director of the Company with substantial powers of management for a period of five years with effect from 1st July, 2000 on the following terms of salary, commission and perquisites in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendment thereto from time to time:

- (i) Salary : Rs. 65,000/- per month in the scale of Rs. 40,000/- — Rs. 2,00,000 with authority to the Board to fix increments from time to time.
- (ii) Commission : On net profits of the Company as may be decided by the Board of Directors in their absolute discretion at the time of adoption of the annual accounts each year by the Board, to be due and payable after adoption of the accounts by shareholders and subject to the limits laid down in Section 309 of the Companies Act, 1956.
- (iii) Perquisites :
- (a) Perquisites such as furnished accommodation or House Rent Allowance, provision of gas, electricity, water and furnishings in respect of such accommodation, medical reimbursement for self and family, club fees (excluding admission and life membership fees), leave benefits, leave travel concessions for self and family, personal accident insurance and such other perquisites and on such terms and conditions as the Board may in its absolute discretion determine from time to time.





## THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

- (b) Company's contribution to Provident Fund and Superannuation Fund shall not be treated as perquisites to the extent these either singly or put together are not taxable under the Income Tax Act as applicable from time to time. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- (c) Free use of Company's car with driver for the business of the Company. Use of car for private purposes shall be billed by the Company. Free Telephone facility at residence. All personal long distance calls shall be billed by the Company. He shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company.
- (d) The monetary value of such perquisites is to be determined in accordance with the relevant rules laid down in this regard under the Income Tax Act. In the absence of such rules the monetary value of such perquisites shall be determined at cost.

The above remuneration payable to him shall be subject to the limit of 10% of the net profits of the Company, as laid down in Section 309(3) of the Companies Act, 1956 and the overall limit of 11% of the net profits of the Company as laid down in Section 198(1) of the said Act.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to enter into an Agreement with Mr. Jagdish U. Thackersey incorporating the above terms and conditions with liberty to alter and vary the terms and conditions of the said Agreement and/or revise the remuneration, perquisites and benefits to be paid or provided to Mr. Jagdish U. Thackersey in such manner as may be agreed to between the Board and Mr. Jagdish U. Thackersey but provided that such alterations, variations and revisions are in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time.

RESOLVED FURTHER that where in any financial year during the currency of the tenure of Mr. Jagdish U. Thackersey, the Company has no profits or its profits are inadequate, Mr. Jagdish U.

Thackersey shall be entitled to the aforesaid remuneration (excluding commission) as minimum remuneration subject to the ceiling limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time."

8. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as an Ordinary Resolution:

"RESOLVED that pursuant to Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in its place the following as new Clause V.

"The Share Capital of the Company is Rs. 30, 00,00,000/- (Rupees Thirty Crores) divided into 1,57,90,000/- (One Crore Fifty Seven Lakhs Ninety Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 1,42,10,000 (One Crore Forty Two Lakhs Ten Thousand) Unclassified shares of Rs. 10/- (Rupees Ten) each; with power to increase and reduce the capital of the Company or divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate and such rights, privileges or conditions in such manner as may be for the time being provided by the regulations of the Company and the legislative provisions for the time being in force and all which Share Capital shall be capable of being increased and with power to reduce and repay the Capital for the time being or any portion thereof in accordance with the Company's Regulations and the legislative provisions for the time being in force in that behalf."

9. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals, permissions, consents and

sanctions as may be necessary or applicable, being obtained from appropriate authorities including financial institutions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "The Board" which expression shall also include a Committee thereof) to sell, transfer or otherwise dispose, as a going concern, the Process House Undertaking of the Company (which comprises, inter alia, of land, building, plant and machinery, stocks, debtors, liabilities including all rights, title, interest, licenses, permits, quotas, workmen, employees, pending contracts, and other movable and immovable assets and liabilities, whether tangible or intangible) located at Prabhadevi, Mumbai, and engaged in the business of fabric processing, for a total consideration of not less than Rs.10 Crores.

RESOLVED FURTHER that the Board be and is hereby authorised to decide and finalise all the terms and conditions relating to the above referred transfer of the Undertaking.

RESOLVED FURTHER that, for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds and things including finalising and executing deeds, agreements, conveyances, assignments, memorandums of understanding, applications and other writings and documents as they may, in their absolute discretion, deem necessary, proper, expedient or desirable."

10. To consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals, permissions, consents and sanctions as may be necessary or applicable, being obtained from appropriate authorities including financial institutions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "The Board" which expression shall also include a Committee thereof) to sell, transfer or otherwise dispose, as a going concern, the modern unit of the Company (which comprises, inter alia, of land, building, plant and machinery,

stocks, debtors, liabilities including all rights, title, interest, licenses, permits, quotas, workmen, employees, pending contracts, and other movable and immovable assets and liabilities, whether tangible or intangible) located at Karad to Satark Investments Limited, a wholly owned subsidiary of the Company, at book value.

RESOLVED FURTHER that the Board be and is hereby authorised to decide and finalise all the terms and conditions relating to the above referred transfer of the Unit.

RESOLVED FURTHER that, for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds and things including finalising and executing deeds, agreements, conveyances, assignments, memorandums of understanding, applications and other writings and documents as they may, in their absolute discretion, deem necessary, proper, expedient or desirable."

By Order of the Board of Directors,  
**SUDHIR THACKERSEY**  
Chairman & Managing Director

Registered Office:

"Sir Vithaldas Chambers",  
16, Mumbai Samachar Marg,  
Mumbai - 400 001.

Dated : 24th May, 2000.

#### NOTES FOR MEMBERS' ATTENTION:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of all the items of Special Business is hereto annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th June, 2000 to 28th June, 2000 (both days inclusive).





## THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

4. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least ten days in advance of the Annual General Meeting, so as to enable the Company to keep the information ready.
5. The shareholders are hereby informed that all unclaimed dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government in terms of provisions of Section 205A of the Companies Act, 1956. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, in the prescribed manner.
6. Members are requested to bring their copies of the Annual Report and Accounts to the Meeting.

### ANNEXURE TO THE NOTICE

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

#### Item No. 6

Mr. Chandras K. Thackersey was appointed as a Whole-time Director designated as an Executive Director of the Company with substantial powers of the Management for a term of five years with effect from 6th November, 1995. His term as an Executive Director will expire on 5th November, 2000. The Board of Directors at its Meeting held on 24th May, 2000 passed a Resolution re-appointing Mr. Chandras K. Thackersey as an Executive Director with substantial powers of management for a further period of five years from 6th November, 2000 to 5th November, 2005, on remuneration as set out in Item No.6 of the Notice. The said re-appointment and remuneration is subject to the approval of the shareholders in the General Meeting of the Company. The Board recommends the Resolution as set out at Item No. 6 of the Notice for your approval.

The Resolution set out at Item No. 6 of the Notice may be treated as an Abstract of the terms of the re-appointment and remuneration of Mr. Chandras K. Thackersey pursuant to Section 302 of the Companies Act, 1956.

Mr. Chandras K. Thackersey may be deemed to be concerned or interested in the above mentioned Resolution which pertains to his re-appointment and remuneration. Mr. Sudhir Thackersey, Director, a relative of Mr. Chandras K. Thackersey is also deemed to be concerned or interested in the above Resolution. None of the other Directors of the Company is in any way concerned or interested in the aforesaid Resolution.

#### Item No. 7

Mr. Jagdish U. Thackersey was appointed as a Whole-time Director designated as an Executive Director of the Company with substantial powers of the Management for a term of five years with effect from 1st July, 1995. His term as an Executive Director will expire on 1st July, 2000. The Board of Directors at its Meeting held on 24th May, 2000 passed a Resolution re-appointing Mr. Jagdish U. Thackersey as an Executive Director with substantial powers of management for a further period of five years from 1st July, 2000 to 30th June, 2005, on remuneration as set out in Item No. 7 of the Notice. The said re-appointment and remuneration is subject to the approval of the shareholders in the General Meeting of the Company. The Board recommends the Resolution as set out at Item No. 7 of the Notice for your approval.

The Resolution set out at Item No.7 of the Notice may be treated as an Abstract of the terms of the re-appointment and remuneration of Mr. Jagdish U. Thackersey pursuant to Section 302 of the Companies Act, 1956.

Mr. Jagdish U. Thackersey may be deemed to be concerned or interested in the above mentioned Resolution which pertains to his re-appointment and remuneration. None of the other Directors of the Company is in any way concerned or interested in the aforesaid Resolution.

#### Item No.8

The present Authorised Capital of the Company is Rs.20 Crores. It is proposed to increase the Authorised Capital of the Company to Rs.30 Crores by creation of 1,42,10,000/- (One Crore Forty Two Lacs Ten Thousand) (Unclassified Shares of Rs.10/- (Rupees Ten

each and cancelling 8,400 7% Cumulative Redeemable Preference Shares of Rs. 250/- (Rupees Two Hundred Fifty) each from the present structure of Authorised Share Capital of the Company. The increase in the Authorised Capital is to facilitate conversion of Optionally Fully Convertible Debentures (OFCDs) proposed to be issued by your Company under financial restructuring being finalised by Financial Institutions.

In terms of Sections 16 and 94 of the Companies Act, 1956, the proposed changes in Authorised Capital clause of the Memorandum of Association of the Company are required to be approved by the shareholders in General Meeting. Accordingly, it is proposed to pass the Resolution mentioned at Item No. 8 of the accompanying Notice, which the Directors commend for the members' approval.

None of the Directors is in any way concerned or interested in this Resolution.

#### Item No. 9

The Company is carrying on the fabric processing business at its Process House Undertaking located at Prabhadevi, Mumbai. Compared to the processing units in other parts of the country, Units located in Mumbai are at a disadvantage because of very high input costs such as power, fuel, water charges etc. Moreover, independent Process Houses pay much lower Excise Duties based on Stenter capacities. Therefore, the Board of Directors of the Company, in consultation with the advisors of the Company have concluded that it would be in the best interests of the Company to sell, transfer or otherwise dispose off, as a going concern, the Process House Undertaking of the Company.

Section 293(1)(a) of the Companies Act, 1956, requires that where the Board of Directors of a public company propose to dispose off an Undertaking of the Company, the consent of the company in general meeting is required to be obtained. Accordingly, the Ordinary Resolution set out at Item No. 9 of the accompanying notice is placed for approval of the members.

The said Resolution enables the Board or a Committee of the Board appointed for the purpose to decide and finalise all the terms and conditions relating to the

transfer of the Undertaking and also to conclude such transfer.

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

#### Item No. 10

The Company had put up a modern unit at Karad to produce high quality grey fabrics. The Board now feels that it may become necessary in the future to independently link this unit with suitable processing facilities to take advantage of the better markets which prevail for processed fabrics. Therefore, the Board, in consultation with the advisors of the Company have concluded that it would be in the best interests of the Company to transfer the said modern unit to Satark Investments Limited, a wholly owned subsidiary of the Company.

Section 293(1)(a) of the Companies Act, 1956, requires that where the Board of Directors of a public company propose to dispose off an Undertaking of the Company, the consent of the Company in general meeting is required to be obtained. Accordingly, the Ordinary Resolution set out at Item No.10 of the accompanying notice is placed for approval of the members.

The said Resolution enables the Board or a Committee of the Board appointed for the purpose to decide and finalise all the terms and conditions relating to the transfer of the Undertaking and also to conclude such transfer.

Your Directors recommend the Resolution. Mr. Chandras K. Thackersey, also being Director of Satark Investments Limited, is concerned or interested in the said Resolution. None of the other Directors is concerned or interested in the said Resolution.

By Order of the Board of Directors,  
**SUDHIR THACKERSEY**  
Chairman & Managing Director

Registered Office:  
"Sir Vithaldas Chambers",  
16, Mumbai Samachar Marg,  
Mumbai - 400 001.  
Dated : 24th May, 2000.