



**KOTHARI SUGARS AND CHEMICALS LIMITED**



————— 38th ANNUAL REPORT 1998 - 1999 —————

**KOTHARI SUGARS AND CHEMICALS LIMITED**  
**38th Annual Report 1998-99**

**BOARD OF DIRECTORS**

**B.H. KOTHARI**  
*Chairman & Managing Director*  
**Dr. P. MARUTHAI PILLAI**  
**Dr. BANSI DHAR**  
**M. SREENIVASA RAO**  
**A.J.V. JAYACHANDER**  
*(Nominee - ICICI)*  
**P.S. GOPALAKRISHNAN**  
**P.A. BALASUBRAMANIAN**  
*(Nominee - LIC)*  
**K.R.V. SUBRAHMANIAN**  
**PRANAB KUMAR RUDRA**  
**P.S. MANISUNDARAM**  
**D.J. BALAJI RAO**  
*(Till 28.07.99)*  
**C.R. RAMAKRISHNAN**  
*(Till 28.07.99)*

**CHIEF EXECUTIVE**

**N. CHANDRAMOULI**

**HEAD-PETROCHEMICALS DIVISION**

**T.R.VENKATASUBRAMANIAN**

**HEAD-SUGARS DIVISION**

**K. JAYACHANDRAN**

**COMPANY SECRETARY**

**JAYALAKSHMI SRINIVASAN**

**BANKERS**

**STATE BANK OF INDIA**  
**CORPORATION BANK**  
**BANK OF BARODA**  
**STATE BANK OF TRAVANCORE**

**AUDITORS**

**M/s. FRASER & ROSS**  
*Chartered Accountants, Chennai*

**INTERNAL AUDITORS**

**M/s. SESA & RAJAN**  
*Chartered Accountants, Chennai*



## KOTHARI SUGARS AND CHEMICALS LIMITED

### REGISTERED OFFICE

"Kothari Buildings"  
115, Mahatma Gandhi Salai  
Chennai - 600 034  
Phone : 8274901, 8274892, 8234611  
8234612, 8234613, 8234615, 8276036

### REGISTRARS & TRANSFER AGENT

M/s Cameo Corporate Services Limited.  
"Subramanian Building"  
1, Club House Road  
Chennai - 600 002  
Phone : 8528390 (5 Lines) Fax : 044-8520129

### FACTORIES AT

#### KATTUR

Kattur Railway Station,  
Lalgudi,  
Trichy Dist. - 621 601.  
Tamil Nadu  
Phone : 0431-541224, 541350  
Fax : 0431-541451

#### KARAIKAL

Vanjoor  
Karaikal - 611 002.  
Union Territory of Pondicherry  
Phone : 04365-70342  
Fax : 04365-70417

#### MANALI

Sathangadu Village  
Thiruvottiyur Ponneri High Road  
Manali, Chennai - 600 068.  
Tamil Nadu.  
Phone : 5941308, 5941309  
Fax : 044-5941524

#### SANGA REDDY

Turakalakhanpur  
Sanga Reddy - Narasapur Highway  
Hathnoora Mandal  
Medak District-502296  
Andhra Pradesh

### MARKETING OFFICE AT

#### MUMBAI

French Bank Buildings,  
62, Hornji Street,  
Fort Mumbai - 400 001.  
Phone: 2662008, 2661482



## NOTICE TO THE MEMBERS

Notice is hereby given that the 38th Annual General Meeting of the members of Kothari Sugars and Chemicals Limited will be held as scheduled below :-

Date : 29th September, 1999  
 Time : 11.00 a.m.  
 Place : Bala Mandir German Hall, 17, Prakasam Street,  
 T.Nagar, Chennai - 600 017 (Off G.N. Chetty Road).

The Agenda for the meeting will be as follows :

### ORDINARY BUSINESS :

1. To receive consider and adopt the audited Profit and Loss Account for the year ended 31.03.1999, the Balance Sheet as on that date and the Cash Flow statement for the year ended 31.03.1999 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.P.K.Rudra who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr.Maruthai Pillai who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr.Bansi Dhar who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.  
**"RESOLVED THAT** in accordance with the provisions of Sec 224A and other applicable provisions, if any, of the Companies Act 1956, M/s.Fraser & Ross, the retiring Auditors, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.1,25,000/- in addition to all travelling and out of pocket expenses."

### SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
**"RESOLVED THAT** subject to the provisions contained in Sec 269, 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby given for the re-appointment of Mr. B.H. Kothari as Managing Director with effect from 01.08.99 till 31.07.2004.  
**RESOLVED FURTHER THAT** minimum remuneration be paid at the following minimum rates as specified in Section II of Part II in Schedule XIII to the Companies Act, 1956.
  - a) Remuneration by way of Salary, Dearness Allowance, Perquisite and any other Allowance not exceeding ceiling limit of Rs.10,50,000 p.a. or Rs.87,500 p.m.
  - b) 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.
  - c) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
  - d) Encashment of leave at the end of tenure.

The perquisites specified in b, c, d above shall not be included for the purpose of computation of salary specified in (a) above.

**RESOLVED FURTHER THAT** the remuneration paid to Mr B. H. Kothari who is also the Managing Director of Investment Trust of India (ITI) Ltd be shared by the two Companies namely ITI and Kothari Sugars & Chemicals Ltd and the remuneration drawn by Mr. B. H. Kothari from both the Companies shall not exceed the above limits."

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:  
**"RESOLVED THAT** consent of the Company be and is hereby accorded under Section 163 of the Companies Act, 1956 for keeping the Register of Members together with the Index of Members and copies of all returns prepared under Sections 159 and 160 of the Companies Act, 1956 as also copies of certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956 at the office of Company's Share Transfer Agents M/s Cameo Corporate Services Ltd, "Subramanian Building" No.1, Club House Road, Chennai - 600 002 instead of at the Registered Office of the Company."



8. To consider and, it thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
- "RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered in the following manner:

**Article 2(g) be altered as follows :**

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

**Article 2(k) be altered as follows :**

"These presents" or "Regulations" shall mean these Articles of Association as now framed or altered from time to time and shall include the Memorandum where the context so requires or regulations made by the Securities and Exchange Board of India.

**Article 2(l) be altered as follows :**

The 'Register' shall mean the Register of Members to be kept under Section 150 of the Act or a Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act.

**To insert Article 2(r) after Article 2(q)**

Words imparting persons include corporations.

**To insert the following Heading and Article alongwith the Marginal notes as Article 2A after Article 2:**

**2A DEMATERIALISATION OF SECURITIES**

**Definitions**

For the purpose of this Article:-

1. 'Beneficial Owner' means a person whose name is recorded as such with a Depository.
2. 'Bye-laws' means bye-laws made by a Depository under Section 26 of the Depositories Act.
3. 'Depositories Act' means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.
4. 'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.
5. "Debentureholder" means the duly registered holders from time to time of the debentures of the Company.
6. 'Participant' means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.
7. "Record" includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.
8. 'SEBI' means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
9. 'Security' means such security as may be specified by the SEBI.

**To renumber existing Article 8 as 8(a) and to insert the following as Article 8(b)**

Intimation  
to  
Depository  
of allotment.

- 8(b)** Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.



#### To alter Article 16 as under

16. Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any shares or where the name appears as the Beneficial Owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in joint names of any two or more persons or the survivor or survivors of them.

#### To add the following to the existing Article 19 (2)

Provided the shares are not held in an electronic and fungible form under the provisions of Depositories Act, 1996.

#### To insert the following as Article 23A after the existing Article 23

Dematerialisation of Securities	(i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.
Options to receive or hold securities with Depository	(ii) Every person subscribing to or holding securities of the Company shall have the option to receive security, certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.
Securities in Depositories to be in fungible form	(iii) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.
Company to recognise interest in dematerialised securities	(iv) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.
Rights of Depositories & Beneficial Owners	(v)(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.  (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.  (c) Every person holding securities of the Company whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.
Depository to furnish information	(vi) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye laws and the Company in that behalf.
Cancellation of certificates upon surrender by a person	(vii) Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.



Option to opt out in respect of any security

(viii) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.  
The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.  
The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Articles to apply to shares held in Depository

(ix) Except as specifically provided in these Articles, the provisions relating to joint holders of Shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.

Numbering of securities

(x) Nothing contained in the Act or these Articles, regarding the necessity of having distinctive numbers for securities issued by the Company, shall apply to securities held with a Depository.

**To renumber the existing Article 37 as 37(a) and to insert the following as Article 37(b)**

Section 108 not to apply **37(b)** Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository. Furthermore, where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of Depositories Act, 1996, shall apply.

**To alter the existing Article 41 as follows**

Register and Index of Beneficial Owners/Members/Debentureholders **41** The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debentureholders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debentureholders, as the case may be, for the purposes of the Act. The Company shall have the power to keep in any state or country outside India a Register of Members resident in that state or country.

**To renumber the existing Article 178 as 178(a) and to insert the following as 178(b)**

Service of Documents **178(b)** Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
**"RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 4 of the Articles of Association of the Company be altered as follows :

Buy back of shares **4.** The Company may from time to time and subject to the provisions of the Act, purchase its own shares.

10. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
**The following new Article with marginal notes as indicated be inserted as Article 45A and 45B after the existing Article 45.**

Nomination **45A** i. Every shareholder/debentureholder of the Company may at any time nominate in the prescribed manner a person to whom his share(s) in or debenture(s) of the Company shall vest in the event of his death.  
ii. Where the share(s) in or debenture(s) of the Company are held by more than one person jointly, the jointholders may together nominate, in the prescribed manner, a person to whom all the rights in the shares/debentures of the Company as the case may be, shall vest in the event of death of all the jointholders.





Transmission of securities by a nominee 45B

iii. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the share(s) in or debenture(s) of the Company, the nominee shall, on death of the share holder/debenture holder or, as the case may be, on the death of the joint holder(s), become entitled to all the rights in such share(s) or debenture(s) in relation to such share(s)/debenture(s) to the exclusion of all other persons unless the nomination is varied, cancelled in the prescribed manner.

iv. Where the nominee is a minor, it shall be lawful for the holder of the share(s)/debenture(s), to make the nomination, in the prescribed manner, to appoint any person to become entitled to share(s) in or debenture(s) of the Company, in the event of his death, during the minority.

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either

(i) to be registered himself as holder of the share(s)/debenture(s) as the case may be; or

(ii) to make such transfer of share(s)/debenture(s), as the case may be, as the deceased shareholder / debenture holder, could have made;

(iii) if the nominee elects to be registered as the holder of the share(s) / debenture(s), himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder / debentureholder as the case may be;

iv) he shall be entitled to the same dividend and the other advantages to which he would be entitled to, if he were the registered holder of the share(s)/debenture(s) except that he shall not, before being registered as a member in respect of share(s) / debenture(s) be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s)/debenture(s), and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividend, bonuses or other money's payable or rights accruing in respect of the share(s) / debenture(s), until the requirements of the notice have been complied with.

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

**"RESOLVED THAT** subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) 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 while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent is hereby accorded to the Board to delist its Equity Shares and all other securities from the The Calcutta Stock Exchange Association Ltd., Bangalore Stock Exchange Ltd & The Stock Exchange, Mumbai."

Place : Chennai  
Date : 26 April, 1999

On Behalf of the Board  
for Kothari Sugars and Chemicals Limited  
**B.H. KOTHARI**  
Chairman & Managing Director



**NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy shall not be entitled to vote except on a poll. Proxies should be lodged with the registered office of the Company at any time not less than 48 hours before the time fixed for the meeting.
2. Member or proxy has to fill the enclosed attendance slip and deposit the same at the entrance of the meeting hall.
3. Explanatory statement pursuant to Sec 173 (2) of the Companies Act, 1956 in respect of Items No.5, 6, 7, 8, 9, 10, & 11 as set out above is annexed hereto.
4. Members are informed that all Unpaid/Unclaimed Dividends for and upto the period ended 31.03.95 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend for the said period are requested to claim the same by submitting an application in Prescribed Form II to the Registrar of Companies, Shastri Bhavan, 26, Haddows Road, Tamil Nadu, Chennai - 600 006.  
As per the amended Companies Act, 1999 the Unclaimed/Unpaid dividend will be transferred to the Investors Education and Protection Fund after lapse of 7 years from the date of transfer to unpaid or unclaimed dividend account. Those who have not encashed the dividend warrants for the year 1995-96 & 1996-97 may write to the Company claiming such dividend.
5. The Share Transfer agency has been entrusted to M/s. Cameo Corporate Services Ltd. Henceforth all Change of Address, Mandate intimation, transfer of shares & other correspondence may be made directly to the Registrars & Transfer Agent.
6. Share Transfer books will be closed from 3rd August 1999 till 16th August 1999 both days inclusive.
7. Shareholders are requested to bring to the meeting copies of Annual Reports with them as the same will not be provided at the meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****In respect of Item No.5**

Sec 224 A of the Companies Act, 1956 provides that in case of a Company in which not less than 25% of the subscribed share capital is held by Public Financial Institutions or any Government or Nationalised Bank or other Financial Institutions referred to therein, the appointment or reappointment of the Auditors shall be made by a Special Resolution. As more than 25% of the subscribed share capital of this Company is held by the categories of bodies corporate mentioned in that section, the Resolution for the reappointment of the Auditors and fixing their remuneration is proposed as a Special Resolution as set out in Item No.5 above.

The Board recommends the resolution for your approval.

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

**In respect of Item No.6**

At the 33rd Annual General Meeting of the Company held on 21st July 1994, shareholders approved the appointment and payment of remuneration to Mr. B.H. Kothari for 5 years with effect from 01.08.1994 till 31.07.1999 & it is now proposed to reappoint him for a further period of 5 years with effect from 01.08.1999 to 31.07.2004. However, in view of the losses incurred by the Company in the last 2 years, he has been paid only the minimum remuneration contemplated under the Act and it is now proposed to pay him only the minimum remuneration for the period for which reappointment is sought.

Under the Companies Act, 1956 approval of the shareholders is required for appointment and payment of remuneration. Hence the same is put forward to you for your approval. The remuneration payable to Mr. B.H. Kothari will be shared by Kothari Sugars and Chemicals Limited & The Investment Trust of India Limited as Mr. B.H. Kothari is also the Managing Director of The Investment Trust of India Limited.

The Board recommends the resolution for your approval

None of the Directors except Mr.B.H. Kothari is concerned or interested in this Resolution.

**Memorandum of Interest**

This may be regarded as a Memorandum of Interest under Section 302 of the Companies Act, 1956.

**In respect of Item No.7**

M/s Cameo Corporate Services Ltd, one of the leading Securities Transfer Agent in the Country was appointed as the Registrars & Share Transfer Agent for registration and certification of transfer of Shares, maintenance of the Register of Members and Index of Members and other connected activities of your Company. To enable the Registrars & Transfer Agent to carry on their work efficiently and expeditiously, the Register and Index of Members and other related Books and Documents are required to be placed at their Office instead of the Registered Office of the Company. Section 163 of the Companies Act, 1956, requires that, the Registers, Books and Documents, should be kept at the Registered Office of the Company unless a different place for keeping the same has been approved by a Special Resolution. The approval of the members is therefore sought by a Special Resolution to keep the Registers, Index of Members and other relevant records as also copies of the Annual Returns of the Company at the office of M/s Cameo Corporate Services Ltd at "Subramanian Building" No.1, Club House Road, Chennai - 600 002. As required under the provisions of Section 163 of the said Act, the Registrar of Companies, Tamilnadu has been given an advance copy of the proposed Special Resolution.

The Board recommends the resolution for your approval.

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

**In respect of Item No.8**

Consequent to the introduction of the Depository System and setting up of National Securities Depository Limited (NSDL) and considering the benefits of scripless trading, your Company, with a view to provide better services to investors, has entered into an Agreement with NSDL to have electronic depository facilities for the shares of the Company. The Depository System of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a Company.

Articles are proposed to be amended to be in line with the amended provisions of the Companies Act, 1956, read with the provisions of the Depositories Act, 1996.

The Special Resolution at Item No.8 is, therefore, proposed, pursuant to Section 31 of the Companies Act, 1956.

The Board recommends the resolution for your approval.

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

**In respect of Item No.9**

With the insertion of Section 77A of the Companies Act, 1956, Companies are permitted to buy back their own shares for cancellation, if so authorised by the Articles of Association. Currently there is no provision in the Articles of your Company empowering to purchase its own shares.

It is proposed to substitute the existing Article 4, empowering the Company subject to the provisions of this Act, to purchase its own shares. Shareholders may note that this is only an enabling Article. Whenever the Company intends to buy back, consent of shareholders would be obtained, as required under the provisions of Sections 77A of the Act.

The Board recommends the Resolution for your approval.

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

**In respect of Item No.10**

Consequent to the Companies (Amendment) Act, 1999, the holders of security of the Company have been given an option to nominate a person to whom the rights of holders of security of the Company shall vest in the event of his death. It would be beneficial if such nomination clause is included in the Articles of Association of the Company.

It has therefore, become necessary to alter the Articles of Association of the Company as proposed in the Resolution set out at Item No.10 of the accompanying Notice.

The Board recommends the resolution for your approval.

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