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*10th Annual Report 2004-05*

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## BOARD OF DIRECTORS

### Chairman & Managing Director

Mr. G.R.K. Reddy

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### Directors

Mr. G. Raghava Reddy

Mrs. V.P. Rajini Reddy

Mr. Ramani Ramaswamy

Mr. R. Rangarajan

Mr. P.M. Shivaraman

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### Company Secretary

Ms. Surabhi Tulsyan

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### Auditors

M/s. K. Ramkumar & Co

Chartered Accounts

E-7, III Floor, Gemini Parsn Apartment,

Cathedral Garden Road,

Chennai - 600 006.

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### Bankers

ING Vysya Bank Ltd.

Corporation Bank

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### Registered Office

501, Apex Chambers,

20, Thyagaraya Road,

T.Nagar, Chennai - 600 017.

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## **NOTICE TO THE MEMBERS**

Dear Shareholder(s),

Notice is hereby given that Annual General Meeting of the shareholders of the Company will be held at 11.00 a.m. on Thursday, the 01<sup>st</sup> September, 2005, at **Narada Gana Sabha Trust, Natyarangam, 254, T.T.K.Road, Chennai-600018** to transact the following business

### **ORDINARY BUSINESS :**

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2005 and the Balance Sheet as on that date and the Report of the Board of Directors and the Auditors thereon.
- 2) To appoint a Director in the place of Mrs. V.P.Rajini Reddy, who retires by rotation and being eligible, offers herself for reappointment.
- 3) To appoint Auditors and to fix their remuneration.

### **SPECIAL BUSINESS :**

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

**"RESOLVED THAT** in conformity with the provision of Section 260, 257 and all other applicable provisions of the Companies Act 1956. Mr. P.M.Shivaraman, who was appointed as Additional Director of the Company with effect from 30<sup>th</sup> June, 2005 and whose term expires at this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

- 5) **INCREASE OF SHARE CAPITAL**

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

**"RESOLVED THAT** pursuant to Section 94 (1) (a) of the Companies Act, 1956 and Article 5 of the Articles of Association of the Company, and all other applicable provisions, the authorized capital of the Company be and is hereby increased from Rs. 5,00,00,000/- to Rs. 20,00,00,000/- by further creation of 1,50,00,000(One Crore & Fifty Lakhs) Equity Shares of Rs. 10/-(Rupees Ten) each aggregating to Rs. 15,00,00,000/-(Rupees Fifteen Crores) ranking pari passu with the existing Equity Share Capital of the Company."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to take such steps and to do all such acts, deeds, matters and things as it may deem fit and proper in this regard."

- 6) **ALTERATION OF MEMORANDUM OF ASSOCIATION**

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

**"RESOLVED THAT** subject to the provisions of Section 16 of the Companies Act, 1956 and all other relevant provisions, if any, the existing Clause V of the Memorandum of Association of the Company relating to the Share Capital be and is hereby altered by substituting in its place, the following new clause: V. The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores) divided

into 2,00,00,000(Two Crores Equity Shares of Rs. 10/- (Rupees Ten) each, with a right to the Board of Directors to reclassify them into any class of shares and/or any denomination with such preferential, deferred, specified or special rights, privileges or conditions as the Board of Directors may decide."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as it may deem fit and proper in this regard."

- 7) **ALTERATION OF ARTICLES OF ASSOCIATION**

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 Section 31 of the Companies Act, 1956 and all other relevant provisions, if any, the existing Clause 4 of the Articles of Association of the Company relating to the Share Capital be and is hereby altered by substituting the following new Article:

The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores) divided into 2,00,00,000(Two Crores Equity Shares of Rs. 10/- (Rupees Ten) each, with a right to the Board of Directors to reclassify them into any class of shares and/or any denomination with such preferential, deferred, specified or special rights, privileges or conditions as the Board of Directors may decide."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as it may deem fit and proper in this regard."

- 8) **NOTING THE RESULTS OF THE POSTAL BALLOT**

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

**"RESOLVED THAT** the results of the Postal Ballot conducted by the Company pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 in connection with providing Guarantee on term loan granted pursuant to Sec. 372A of the Companies Act, 1956 declared by the Chairman of the meeting along with the Report of the Scrutiniser tabled at the meeting be and are hereby taken on record. "

- 9) **DELISTING OF SHARES FROM STOCK EXCHANGES**

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

**"RESOLVED THAT** pursuant to the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable provisions if any the Board of Directors be and are hereby authorised to seek delisting of the Equity Shares of the Company from the following two Stock Exchanges:

- a) The Hyderabad Stock Exchange Limited.

b) The Delhi Stock Exchange Association Limited **"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as it may deem fit and proper in this regard."

#### 10) **INCREASE IN MANAGERIAL REMUNERATION DURING THE PERIOD OF APPOINTMENT**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, the Company hereby approves the revision in terms of remuneration payable to Mr. G.R.K.Reddy, the Managing Director of the Company, from 1st April, 2005 for the residual term of office till 25.07.2007, as per the terms and conditions set out in the draft supplementary agreement to be entered into by the Company with him, submitted to the Meeting, and initialled for the purpose of identification by Mr. Ramani Ramasamy, Director of the Company."

#### 11) **BORROWING POWERS**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** in supersession of the resolution passed at the 1st Annual General Meeting of the Company held on 12.06.1996 the Board of Directors be and is hereby authorized, in accordance with Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, which 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 exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding **500 crores**, and that the Board of Directors be and is hereby empowered and authorized 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 it may think fit."

#### 12) **ISSUE OF SHARES ON PREFERENTIAL BASIS**

To consider and if deemed fit, to pass through postal ballot, the following Resolution as Special Resolution:

**"RESOLVED THAT**

A) pursuant to section 81 (1A) and other relevant provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), SEBI Guidelines for Preferential Issues, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Listing Agreements with Stock Exchanges, and other applicable laws or guidelines and in accordance with the provisions of Memorandum and Articles of Association of the Company and subject to the regulations and

guidelines of Securities and Exchange Board of India, such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions which may be agreed 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 by the Board), at its sole discretion, the consent of the Company be and is hereby accorded to the Board to issue, offer and allot 60,00,000 (Sixty Lacs) Equity shares of Rs. 10/- (Rupees Ten) each at a premium of Rs. 5/- aggregating to Rs. 15/- per share on preferential basis for cash to each of the following:

#### **Promoter Group:**

Mr. G.R.K.Reddy and M/s Global Infoserv Ltd.

#### **Non-Promoter group:**

M/s Priyanka Finance (P) Ltd, M/s R.V.Mercantile (P) Ltd, M/s Tayab Securities Mauritius Ltd, M/s Pasha Finance (P) Ltd, M/s The Indiaman Fund (Mauritius) Ltd, Ms. Nita Doshi and Mr. Vikram Kumar Bagmar aggregating to Rs.9,00,00,000 (Rupees Nine Crores) credited as fully paid up.

B) the new equity shares shall be subject to Memorandum and Articles of Association of the Company

C) new equity shares shall rank pari passu in all respects with the existing equity shares of the company."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as it may deem fit and proper in this regard."

#### 13) **CHANGE OF REGISTRAR & SHARE TRANSFER AGENT**

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

**"RESOLVED THAT** approval pursuant to Section 163 of the Companies Act, 1956 (the Act), the Company hereby approves that the Register of Members, Index of Members and copies of all Annual Returns prepared under Section 159 of the Act, together with copies of the certificates and documents required to be annexed thereto under Section 161 of the Act, be kept at the office of Cameo Corporate Services Ltd., Subramanian Building", 1, Club House Road, Chennai-600002 the Registrars and Share Transfer Agents of the Company instead of at Trident and Investment Portfolio Services Pvt. Ltd., 7, Fourth Main Road, United India Colony, Kodambakkam, Chennai - 600 024."

**"RESOLVED FURTHER THAT** the registers, indexes, returns and copies of certificates and other documents of the Company referred to above be kept open for inspection at the place where they are kept, by the persons entitled thereto, to the extent, in the manner and on payment of fee, if any specified in the Act, between 10.00 a.m. and 1.00 p.m. on any working day, except when the Registers and Books are closed under the provisions of the Act or the Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such further steps as may be necessary in this regard."

#### 14) **RAISING OF FCCBs/ADR/GDR/OTHER FINANCIAL INSTRUMENTS**

To consider and if deemed fit, to pass, the following Resolution as Special Resolution:

"RESOLVED THAT pursuant to section 81, 81 (1A) and other relevant provisions, if any, of the Companies Act, 1956( including any amendment thereto or re-enactment thereof), SEBI Guidelines for Preferential Issues, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Listing Agreements with Stock Exchanges, Reserve Bank of India(RBI) and other applicable laws or guidelines and in accordance with the provisions of Memorandum and Articles of Association of the Company and subject to the regulations and guidelines of Securities and Exchange Board of India, such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions which may be agreed 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 by the Board), at its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, issue, offer and allot in one or more tranches, whether rupee denominated or denominated in any foreign currency, such number of equity shares/Foreign Currency Convertible Bonds(FCCBs) either in registered or bearer forms, and/or any such security including Global Depository Receipts or American Depository Receipts convertible into equity shares or any other combination of financial instruments to Indian investors/foreign investors through private placements at such time or at such price at a discount or at premium or at market price in such manner and on such terms & conditions as may be decided by the Board at the time of such issue or allotment considering the prevailing market conditions and other relevant factors not exceeding 300 Crores.

By Order of the Board,  
for **MARG CONSTRUCTIONS LIMITED.**

-Sd/-

**SURABHI TULSYAN**  
COMPANY SECRETARY

Place: Chennai  
Date : 21.07.2005

#### 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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
3. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business is annexed.
4. As required under the Listing Agreement, the particulars of Directors seeking appointment/ re-appointment as Director are given in the Annexure.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from 29.08.2005 to 01.09.2005 (both days inclusive).
6. Members are requested to notify their change of address, if any, to the Company/Share Transfer Agent, M/s Trident and Investment Portfolio Services Pvt., Ltd., Guna Complex, Annexe II, 4<sup>th</sup> Floor, 443, (Old No. 304) Anna Salai, Teynampet, Chennai - 600 018.
7. Members are requested to bring their copy of the Annual Report to the meeting.
8. Members are requested to bring the Attendance Slip and hand it over at the entrance duly signed by them.
9. Relevant documents for the postal ballot along with draft resolutions and explanatory statement are already despatched to you.
10. The details of the Director seeking appointment/reappointment at the tenth Annual General Meeting( Pursuant to Clause 40 of the Listing Agreement) are as under.

Name	Date of Birth	Date of Appointment	Expertise in specific functional areas	Qualification	Directorship in other Public Ltd Companies	Membership of Committees in other Public Ltd. Companies
V.P.Rajini Reddy	24.07.1967	05.01.2001	She has over ten years experience in the areas of Investment consultancy and Capital market operations. She also has over four years experience in the areas of CAD/CAM systems, Software Development and Training.	B. Tech	R.R.Infotech Ltd. Marg Realities Ltd.	NIL
P.M.Shiva-raman	19.06.1955	30.06.2005	He is a qualified Cost Accountant & Company Secretary. He has held Senior position in credit and Merchant Banking in Allahabad Bank. He has got 25 years of experience in project preparation and appraisal of various infrastructure projects. He has represented many companies in various forums. He is also well connected with Foreign Banks, Funds and Industrial Investors.	Cost Accountant & Company Secretary	Tamilnadu Financial Services Ltd. Tamilnadu Finance Ltd. OPG Industries Ltd.	NIL

## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

#### **ITEM NO. 4**

Mr. P.M. Shivaraman has been co-opted as an Additional Director of the Company with effect from 30.06.05. He will hold office upto the commencement of the Annual General Meeting. He is a qualified Cost Accountant & Company Secretary. He has held Senior position in credit and Merchant Banking in Allahabad Bank. He has got 25 years of experience in project preparation and appraisal of various infrastructure projects. He has represented many companies in various forums. He is also well connected with Foreign Banks, Funds and Industrial Investors.. The company has received the notice under the section 257 of the Companies Act, 1956 from a member along with requisite deposit, signifying his intention to propose the candidature of the director of the company. Notices were received from members pursuant to Section 257 of the Companies Act signifying thier intention to propose the candidature of Mr. P.M.Shivaraman as Director the company eligible for reappointment by rotation.

#### **ITEM NOS. 5,6 & 7**

At present the Authorised Capital of the company comprises of 50,00,000 Equity Shares of Rs. 10/- each **out of which 40,00,000 Equity shares are issued and 10,00,000 Equity Shares of Rs. 10/- each** which are unissued. The Company proposes to issue further 60,00,000 Equity Shares for the purpose of which the Authorised Equity share capital of the company needs to be increased. Accordingly, amendments to Memorandum and Articles of Association of the Company are proposed to give effect to the conversion.

The Board commends ordinary resolution at item no 5 & 6 and special resolution for item no. 7 for approval.

None of the Directors except Mr. G.R.K. Reddy who is one of the allottees is concerned or interested in the resolutions.

#### **ITEM NO.8**

Pursuant to Section 192A of the Act read with the Companies (Passing of the Resolution pertaining to Postal Ballot) Rules, 2001 (the Rules) read with Listing Agreement to provide guarantee(s) to Group companies under Section 372A of the Companies Act, 1956, which is proposed to be passed through postal ballot.

Relevant documents for the postal ballot has already been dispatched to you separately. A scrutiniser has been appointed as envisaged under the Rules.

In the Postal Ballot resolution being taken on record, Mr. G.R.K.Reddy, Mrs. V.P. Rajini Reddy and Mr. Raghava

Reddy being Director of the Company may be deemed to be interested in the resolution. None of the other Directors are concerned or interested in the resolution.

#### **ITEM NO. 9**

Currently the shares of the Company are listed on the following Stock Exchanges:

Madras Stock Exchange Limited;

The Stock Exchange, Mumbai;

The Hyderabad Stock Exchange Limited, and

The Delhi Stock Exchange Association Limited

With the extensive networking of The Stock Exchange, Mumbai (BSE), and the extension of BSE terminal to other cities as well, investors have access to online dealings in the Company's shares across the country.

As the proposal to seek delisting of shares from these Stock Exchanges is in compliance with the SEBI (Delisting of Securities Guidelines), 2003, no exit opportunity is required to be given to the shareholders in this regard. Shareholders residing in and around these cities may continue to trade at the local terminal of the Stock Exchange, Mumbai.

None of the other Directors are concerned or interested in the resolution.

#### **ITEM NO. 10**

In view of the changing trend in compensation of managerial personnel, the Company had undertaken a detailed study of the compensation policy in various comparable companies. The Board at its Meeting held on 21<sup>st</sup> July,2005 revised the limits on overall remuneration payable to Mr.G.R.K.Reddy, the Managing Director. The following table shows the overall existing and proposed limits on remuneration and perquisites, payable to Mr.G.R.K.Reddy, the Managing Director.

<b>Date of General meeting approving the resolution</b>	30.11.2002
<b>Period of existing agreement</b>	5 yrs.
<b>Existing Limits:</b>	
<b>Remuneration</b>	Salary- 4,80,000 per annum Commission: 1% of Net Profit of the Company or Special Allowance not exceeding the total Annual Salary
<b>Perquisites</b>	As per the Original agreement
<b>Proposed Limits</b>	
<b>Remuneration</b>	Salary- 8,00,000 per annum Commission: 1% of Net Profit of the Company or Special Allowance not exceeding the total Annual Salary
<b>Perquisites</b>	No change

For the above purpose,

(i) 'remuneration' includes salary, commission and incentives.

(ii) 'perquisites' include furnished accommodation or house rent allowance in lieu thereof, gas, electricity, water, furnishings, domestic assistance, use of car with driver, telephone at residence, children's education allowance, medical reimbursement and leave travel concession for self and family, club fees and personal accident insurance etc. in accordance with the rules of the Company.

The aforesaid remuneration and perquisites shall be restricted to the above referred limits and overall limits laid down in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII to the said Act. In addition, the above managerial personnel shall be entitled to Company's contribution to Provident Fund, Superannuation Fund upto tax exemption limit and Gratuity payment in accordance with the rules of the Company. The above modification in remuneration requires Members' approval.

Mr.G.R.K.Reddy is interested in the modification concerning his remuneration.

Copy of the draft supplementary agreement to be entered into by the Company with Mr.G.R.K.Reddy is open to inspection by the Members at the Registered Office of the Company on any working day between 10 a.m. and 12 noon (excluding Saturdays, Sundays and public holidays) upto and including the day of the Annual General Meeting.

#### **ITEM NO. 11**

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting, borrow monies in excess of the aggregate of the paid-up capital of the Company and its free reserves.

The Shareholders of the Company had at the 1st Annual General Meeting held on 12.06.1996 approved, inter alia, borrowings in terms of Section 293(1)(d) of the Companies Act, 1956, up to Rs. 50 crore. The increasing business operations and future growth plans of the Company would necessitate restructuring of the borrowing limits by authorising the Board of Directors to borrow monies which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves by a sum not exceeding 500 crores. The Directors while exercising their powers shall however observe the debt/equity norms as applicable.

Your Directors commend the resolution for your approval. None of the Directors of the Company is in any way, concerned or interested in the said resolution.

#### **ITEM NO. 12**

The Company proposes to make substantial investments over the next few years in the areas of real estate, infrastructure, power generation, and investment in associate / affiliate companies. This will involve an estimated capital outlay of up to Rs. 500 crore over the period of next few years. To further strengthen the Company's financial position, and to generate resources for the above plans, as also to meet the working capital requirements of the Company and for general corporate purposes, as may be decided by the Board in the best interests of the Company, it is proposed to issue equity shares as indicated herewith on a preferential basis in terms of the Guidelines for Preferential Issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as the Preferential Issue Guidelines).

The details of proposed Preferential issue of equity shares are as follows:

#### **Pricing:**

The equity shares of Marg Construction Limited (MCL) are listed on the BSE, DSE, HSE and MSE.

The total shares traded during the six calendar months prior to the Board Resolution of MCL authorizing the preferential issue is NIL. As the proposed Preferential Issue of shares is not covered under Regulation 20(5) of the SEBI Substantial Acquisition of Shares & Takeover Code, the pricing of the same has been done taken into consideration.

Accordingly pricing of shares has been done after taking into consideration average of Book Value, Profit Earning Capitalisation Value and Return on Networth Value. Thus the value arrived is Rs.13.97/-. However Board of Directors has decided to fix the price of shares at Rs. 10/- at a premium of Rs 5/- aggregating to Rs. 15/-per share keeping in view the overall interest of shareholders.

The certificate received from Statutory Auditors of the Company towards the valuation of price will be available for inspection for the members of the Company at the registered office during business hours till the date of the Annual General Meeting.

#### **Object of the issue through preferential offer**

In order to increase the capital base of the Company and to improve debt-equity ratio of the company, the Board of Directors propose to issue Equity shares by issuing 60,00,000 (Sixty lakhs) Equity Shares of Rs. 10/-(Rupees Ten) each at Rs. 5/- premium aggregating to Rs. 15/- per share.

#### **Intention of the promoters / directors/ key management personnel to subscribe to the offer**

The promoter group is subscribing to the extent of 29,58,600 shares as per the details given below. The existing promoters would continue to be in control of the company.

**Identity of the proposed allottees****Promoters:****No. of Shares  
Offered**

Mr. G.R.K.Reddy, 9,78,862  
M/s Global Infoserv Ltd. 19,79,738

**Non-Promoters:**

M/s Priyanka Finance (P) Ltd, 3,00,000  
M/s R.V.Mercantile (P) Ltd, 4,00,000

M/s Tayab Securities Mauritius Ltd, 4,50,000  
M/s Pasha Finance (P) Ltd, 6,00,000  
M/s The Indiaman Fund (Mauritius) Ltd. 7,91,400  
Ms. Nita Doshi ,and 1,00,000  
Mr. Vikram Kumar Bagmar 4,00,000

The proposed resolution is an enabling resolution authorising the Board to issue and allot Equity shares on preferential basis to the above mentioned proposed allottees.

**Shareholding Pattern before and after the issue, indicating separately the holdings:**

<b>BEFORE</b>			<b>AFTER</b>		
<b>No.</b>	<b>Category</b>	<b>%age of Share holding</b>	<b>No. of holdings</b>	<b>No. of shares allotted</b>	<b>%age of Share holding</b>
<b>A</b>	<b>PROMOTERS</b>				
	G.R.K. Reddy	12.01	4,80,200	9,78,862	14.59,062
	G.Raghava Reddy	3.75	1,50,000	Nil	1,50,000
	Marg Holdings & Financial Services Ltd	10.00	4,00,000	Nil	4,00,000
	Marg Capital Market Ltd.	14.28	5,71,200	Nil	5,71,200
	Global Infoserv Ltd.	Nil	Nil	19,79,738	19,79,738
	Persons acting in concert	1.00	40,000	NIL	40,000
	<b>SUB TOTAL A</b>	<b>41.04</b>	<b>16,41,400</b>	<b>29,58,600</b>	<b>46,00,000</b>
<b>B</b>	<b>NON-PROMOTERS HOLDING</b>				
	<b>Private Bodies Corporate:</b>				
	Existing Body Corporate	0.18	7,000	Nil	7,000
	<b>Proposed Allottees</b>				
	M/s Priyanka Finance (P) Ltd	Nil	Nil	3,00,000	3,00,000
	M/s R.V.Mercantile (P) Ltd	Nil	Nil	4,00,000	4,00,000
	M/s Pasha Finance (P) Ltd	Nil	Nil	6,00,000	6,00,000
	<b>SUB TOTAL</b>	<b>0.18</b>	<b>7,000</b>	<b>13,00,000</b>	<b>13,07,000</b>
	<b>FIs:</b>				
	<b>Proposed Allottees</b>				
	M/s Tayab Securities Mauritius Ltd	Nil	Nil	4,50,000	4,50,000
	M/s The Indiaman Fund (Mauritius) Ltd.	Nil	Nil	7,91,400	7,91,400
	<b>SUB TOTAL</b>	<b>NIL</b>	<b>NIL</b>	<b>12,41,400</b>	<b>12,41,400</b>
	<b>NRI:</b>				
	Ms. Nita Doshi	NIL	NIL	1,00,000	1,00,000
	<b>Rest Indian Public:</b>				
	Existing Indian Public	58.79	23,51,600	Nil	23,51,600
	Mr. Vikram Kumar Bagmar	NIL	Nil	4,00,000	4,00,000
	<b>SUB TOTAL</b>	<b>58.97</b>	<b>23,51,600</b>	<b>4,00,000</b>	<b>27,51,600</b>
	<b>SUB TOTAL-B</b>	<b>58.97</b>	<b>23,58,600</b>	<b>30,41,400</b>	<b>54,00,000</b>
	<b>GRAND TOTAL</b>	<b>100.00</b>	<b>40,00,000</b>	<b>60,00,000</b>	<b>100,00,000</b>

There will not be any change in the management control or constitution of the Board of Directors subsequent to the allotment of equity shares on preferential basis.

#### **Proposed time for allotment of equity shares**

The proposed allotment will be completed within a period of 15 days from the date of Annual General meeting or where the approval of any statutory authority is pending or required, the allotment will be completed within 15 days from the date of such approval.

#### **Lock-in period**

The equity shares proposed to be issued to the promoters & others on preferential basis shall be subject to lock-in period as per SEBI Guidelines as applicable at the time of allotment.

#### **Changes in Voting Rights**

Voting Rights will change in tandem with the shareholding pattern.

#### **Controlling interest of Board of Directors**

There will not be any consequential changes in the control of the Company or in the directors or in voting rights (except to the extent of the voting rights acquired by the allottees as equity shareholders on the equity shares so allotted) as a result of the proposed allotment.

Mr. G.R.K.Reddy, Chairman & Managing Director, Mr. G.Raghava Reddy and Mrs. V.P. Ranjini Reddy, Directors of the Company being relatives to each other are deemed to be interested or concerned in passing the resolution to the extent of their equity holdings in the company and the proposed preferential allotment to be made to Mr. G.R.K.Reddy.

In the case of new body Corporate(FII's) none of the Directors/promoters are related to or interested in the proposed preferential allotment.

#### **ITEM NO. 13**

Pursuant to Section 163 (1) of the companies Act, 1956 approval was accorded to the Company for keeping inter alia the register and index of Members, at the office of the Registrar & Share transfer Agents. Viz. **Trident and Investment Portfolio Services Pvt. Ltd.**, for keeping the Register of Members and Index of Members and copies of all Annual Returns prepared by the Company under Section 159 of the Companies Act, 1956 (the Act), together with copies of certificates and documents required by the Act to be annexed thereto at their office at 7,Fourth Main Road, United India Colony, Kodambakkam, Chennai-600024.

The board of Directors of your Company have decided to shift the Transfer Agents from **Trident and Investment Portfolio Services Pvt. Ltd.**, 7,Fourth Main Road, United India Colony, Kodambakkam, Chennai-600024 to **Cameo Corporate Services Ltd.**, Subramanian Building", 1, Club House Road,

Chennai-600002 where the aforesaid documents will be maintained.

Accordingly, approval of the shareholders by a Special Resolution is being sought, pursuant to the provisions of Section 163 of the Act. A copy of the Special Resolution set out in Item No. 12 of the Notice will be delivered to the Registrar of Companies, Chennai in advance.

None of the Directors are interested or concerned in the passing of this Resolution except as a member, if any, of the Company.

#### **ITEM NO. 14**

With a view to augment long term financial resources for the Company and to meet costs in connection with the capital expansion projects it is proposed to raise an amount not exceeding Rs.300 crores through issue of equity shares/Foreign Currency Convertible Bonds (FCCBs) either in registered or bearer forms, and/or any such security including Global Depository Receipts or American Depository Receipts as contained in the Resolution.

This is only an enabling resolution in the interest of the Company and your Directors recommend the passing of the resolution as the shareholders consent is sought pursuant to Section 81 of the Companies Act, 1956.

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