



PATSPIN
INDIA LIMITED

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NINTH
ANNUAL REPORT

•

1999 - 2000

PATSPIN INDIA LIMITED

BOARD OF DIRECTORS

B K Patodia	: Chairman
M K Patodia	: Vice Chairman
N P Subramanian	: Nominee of ICICI Limited
J Fukunaga	: Nominee of Itochu Corporation
K Osumi	: Alternate to Mr. J. Fukunaga
T Pius Joseph	: Nominee of KSIDC
P K Kurian	
Kishore V Mariwala	
Nand Kishore Bafna	
Banwarilal Singhal	
P C Seksaria	
Umang Patodia	: Managing Director

BANKERS

Central Bank of India
State Bank of India
State Bank of Travancore
ANZ Grindlays Bank Limited

AUDITORS

M/s. M S Jagannathan & Visvanathan
Chartered Accountants
Coimbatore

CORPORATE ADVISORS

M/s. Lodha & Co., Mumbai

FACTORY

5/345, Para Road, Patodia Nagar
Pudussery Central Village
Kanjikode East P.O., Palakkad
Kerala - 678 621

REGISTERED OFFICE

3rd Floor, Palal Towers, Ravipuram
M G Road, Kochi - 682 016

CORPORATE OFFICE

43, Mittal Chambers, 228, Nariman Point
Mumbai - 400 021

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NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of PATSPIN INDIA LIMITED will be held at Bharat Hotel (BTH), Durbar Hall Road, Kochi – 682 016 at 9.30 a.m. on Wednesday, the 16th day of August, 2000 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2000 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To consider declaration of Dividend on Preference shares.
3. To appoint a Director in place of Shri. P. C. Seksaria, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Kishore V. Mariwala, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

ITEM NO. 6 : APPOINTMENT OF SHRI. NAND KISHORE BAFNA AS A DIRECTOR U/S.257 OF THE COMPANIES ACT, 1956.

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

"RESOLVED THAT Shri. Nand Kishore Bafna, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Clause 95 of the Articles of Association of the Company, in the meeting of the Board of Directors with effect from 20th June, 2000 and who holds the said office upto the date of the forthcoming Annual General Meeting and a Notice in respect of whom has been received by the Company from a Member signifying his intention to propose his candidature for the Office of Director under Section 257 of the Companies Act, 1956, be and is hereby re-appointed as the Director of the Company with effect from the date of Annual General Meeting".

ITEM NO. 7 : APPOINTMENT OF SHRI. BANWARI LAL SINGHAL AS A DIRECTOR U/S.257 OF THE COMPANIES ACT, 1956.

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

"RESOLVED THAT Shri. Banwari Lal Singhal, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Clause 95 of the Articles of Association of the Company, in the meeting of the Board of Directors with effect from 20th June, 2000 and who holds the said office upto the date of the forthcoming Annual General Meeting and a Notice in respect of whom has been received by the Company from a Member signifying his intention to propose his candidature for the Office of Director under Section 257 of the Companies Act, 1956, be and is hereby re-appointed as the Director of the Company with effect from the date of Annual General Meeting".

ITEM NO. 8 : RESOLUTION FOR REVISION IN REMUNERATION OF MANAGING DIRECTOR, SHRI. UMANG PATODIA FOR THE BALANCE PERIOD.

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule-XIII thereto, as amended, and subject to the approval of the Financial Institutions, approval of the Members be and is hereby accorded to the revision / increase in remuneration and perquisites payable to Shri. Umang Patodia as Managing Director of the Company from 1st April, 2000 to 3rd August, 2004 being the balance period of his existing 5 year term of Office as set out in the Supplementary Agreement between the Company and Shri. Umang Patodia produced at this meeting and for the purposes of identification, initialed by the Chairman, hereof".

"RESOLVED FURTHER THAT the Board / Committee of Directors of the Company be and is hereby authorised to take such steps expedient to give effect to this resolution".

NOTICE (Contd.)**ITEM NO. 9 : CONSENT TO CREATE CHARGE, MORTGAGE ON THE COMPANY'S IMMOVABLE PROPERTIES UNDER SECTION 293(1)(a) OF THE COMPANIES ACT, 1956 IN FAVOUR OF INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI) ON PARI PASSU FIRST CHARGE BASIS FOR THE ADDITIONAL FINANCIAL ASSISTANCE SANCTIONED BY THEM.**

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and / or charging by the Board / Committee of Directors, of the Company of all the movable and immovable properties of the Company, excluding assets on which exclusive charge was given and, hypothecation of all movable properties of the company subject to prior charges in favour of bankers for Working Capital, wheresoever situate, present and future, and of conferring power to enter upon and to take possession of assets of the company in certain events, to or in favour of Industrial Development Bank of India (IDBI) to secure on Pari Passu First Charge basis:

1. Foreign Currency Treasury Product facility loan of JY 131 Mn. equivalent to about Rs. 500 lacs (Rupees five hundred lacs only)
2. Indian Rupee loan of Rs. 450 lacs (Rupees four hundred fifty lacs only) under Technology Upgradation Fund (TUF) Scheme and
3. Indian Rupee Loan of Rs. 1000 lacs (Rupees one thousand lacs only) under Corporate Loan Scheme (CLS).

"RESOLVED FURTHER THAT the Board / Committee of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary for giving effect to the above resolution".

ITEM NO. 10 : CHANGE IN ARTICLES OF ASSOCIATION BY VIRTUE OF THE AMENDMENT IN THE COMPANIES ACT AND INTRODUCTION OF DEPOSITORIES ACT.

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approvals, consents, permissions and sanctions, as may be necessary from the appropriate Authorities and Bodies, the Articles of Association of the Company, be and is hereby altered in the following manner and to the extent, set out below:

Insert the following heading and Article as Article 44C after Article 44B

DEMATERIALIZATION:

For the purpose of this Article:-

1. DEFINITIONS

- a) "Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996.
- b) "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- c) "Depositories Act" means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.
- d) "Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.
- e) "Depository" shall mean a Depository as defined under clause (e) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.
- f) "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.
- g) "Issuer" means any person making an issue of Securities.
- h) "Participant" means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.
- i) "Registered owner" means a depository whose name is entered as such in the Register of the issuer.
- j) "Record" includes the records maintained in the form or books or stored in computer or in such other form as may be determined by regulation made by SEBI in relation to the Depositories Act.
- k) "Regulations" means the regulations made by the SEBI.
- l) "Security" means such security as may be specified by the SEBI.
- m) "Words and expression" used and not defined in the Act but defined in the Depositories Act shall have the same meanings respectively assigned to them in that Act.

NOTICE (Contd.)**2. DEMATERIALISATION OF SECURITIES**

Notwithstanding anything to the contrary or inconsistent contained in the Act or 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.

3. COMPANY TO RECOGNISE INTEREST IN DEMATERIALISED SECURITIES UNDER DEPOSITORIES ACT

Either the Company or the investor may exercise an option to issue, deal to 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.

4. OPTION FOR INVESTORS

Every person acquiring / subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

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 records the name of the allottee as the beneficial owner of the security.

5. SECURITIES IN DEPOSITORIES TO BE IN FUNGIBLE FORM

All securities of the Company held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, 372 and 372A of the Companies Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

6. RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS

- 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 securities 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 securities held by it.
- c) Every person holding securities of the Company and 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.

7. BENEFICIAL OWNER DEEMED AS ABSOLUTE OWNER

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 share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust of 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 expressed or implied notice thereof, but the Board shall be at their sole discretion to register any share in the Joint names of any two or more persons or the survivor or survivors of them.

8. DEPOSITORY TO FURNISH INFORMATION

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.

9. CANCELLATION OF CERTIFICATES UPON SURRENDER BY A PERSON

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.

10. OPTION TO OPT OUT IN RESPECT OF ANY SECURITY

If a beneficial owner seek to opt out of a Depository in respect of any security and beneficial owner shall inform the Depository accordingly.

NOTICE (Contd.)

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 fulfillment 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.

11. SERVICE OF DOCUMENTS

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.

12. PROVISIONS OF ARTICLES TO APPLY TO SECURITIES HELD IN DEPOSITORY

Except as specifically provided in these Articles, the provisions relating to Joint holders of Securities, Calls, Lien on Securities forfeiture, Transfer and Transmission of Securities shall be applicable to Securities held in Depository so far as they apply to Securities held in physical form subject to the provisions of the Depository Act.

13. ALLOTMENT OF SECURITIES DEALT WITHIN A DEPOSITORY

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.

14. DISTINCTIVE NUMBER OF SECURITIES HELD IN A DEPOSITORY

The Securities in the Capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form, except in the manner herein before mentioned. No securities shall be sub-divided. Every forfeited or surrendered securities held in material form shall continue to bear the number by which the same was originally distinguished.

15. REGISTER AND INDEX OF BENEFICIAL OWNERS

The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act respectively, and the Depositories Act, with details of Shares and Debentures held in material and dematerialised forms in 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 the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be for the purpose of the Act. The Company shall have the power to keep in any State or Country outside India a Branch Register of Members resident in that State or Country.

16. REGISTER OF TRANSFERS

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every Transfer or Transmission of any Securities held in material form.

17. OVERRIDING EFFECT OF THIS ARTICLE

Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Article of these presents.

ITEM NO. 11 : PROPOSAL FOR DE-LISTING OF EQUITY SHARES FROM AHMEDABAD, CALCUTTA AND HYDERABAD STOCK EXCHANGES.

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

"RESOLVED THAT in terms of Guidelines issued by SEBI from time to time and 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 deem 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 De-list Company's Equity Shares from The Stock Exchange Ahmedabad (ASE), The Calcutta Stock Exchange Association Limited (CSE) and The Hyderabad Stock Exchange Ltd. (HSE)".

By Order of the Board
For **PATSPIN INDIA LIMITED**

Place : Calcutta
Date : 20th June, 2000

P. C. SEKSARIA
Director

NOTICE (Contd.)**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 / herself and the Proxy need not be a Member of the Company.
2. Proxies in order to be valid must be received by the Company, not less than 48 hours before the commencement of the Meeting.
3. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 10.08.2000 to 16.08.2000 (both days inclusive).
5. Pursuant to Section 205A of the Companies Act, 1956, all Unclaimed Dividends upto Financial Year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet claimed their Dividend Warrants for the said period, are requested to claim the amount from the Registrar of Companies, Kerala, Ernakulam by submitting an application in prescribed Form.
6. Consequent upon Amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the amount of Dividend for the subsequent years remaining Un-claimed for a period of 7 (Seven) years from the date of Transfer to Un-paid Dividend Account shall be transferred to the Investor Education and Protection Fund.
Members who have not encashed the dividend warrant(s) for the Financial Year 1995-96 and any subsequent Dividend payment(s) are requested to make their claims to the Company.
7. Members who are holding Shares in identical order of names in more than one Folio are requested to write to the Company, enclosing the Share Certificates, to enable the Company to consolidate their holdings in one Folio. The Share Certificates will be returned to the Members after making necessary endorsements in due course.
8. Members are requested to inform their Bank Account Numbers and Bank Branch details to the Company to enable it to include these details in the dividend warrants and thus minimise the malpractices or theft of dividend warrants. The above said information may be given to the Company's Office at 5th floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 or its R&T Agents, M/s. Karvy Consultants Limited, G-39, Panampilly Nagar, Kochi – 682 036.

REQUEST TO THE MEMBERS :

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. Members are requested to inform immediately any change in their address to the Company's Transfer Agents.
4. All communications relating to shares are to be addressed to the Company's Transfer Agents M/s Karvy Consultants Limited, G-39, Panampilly Nagar, Kochi – 682 036.

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

ITEM NO. 6 : Shri. Nand Kishore Bafna was appointed by the Board of Directors as an Additional Director with effect from 20th June, 2000. In terms of Section 260 of the Companies Act, 1956, read with Clause No.95 of the Articles of Association, he holds the said office only upto the date of the ensuing Annual General Meeting. A Notice has been received from a Member and also Deposit of Rs. 500 has been received from him pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri. Nand Kishore Bafna for the office of Director.

Shri. Nand Kishore Bafna is a practising Chartered Accountant and a Senior Partner of M/s. Lodha & Co., Chartered Accountants, Mumbai. Besides his proficiency in Finance and Accounts, he is also an expert in Company Law matters. Your Directors consider it advisable for the Company to avail of the benefit of his advice and guidance as Director. The Board therefore, recommends the passing of the ordinary resolution contained in item no. 6 of the accompanying Notice.

None of the Directors of the Company is concerned or interested in the resolution, except Shri. Nand Kishore Bafna.

ITEM NO. 7 : Shri. Banwari Lal Singhal was appointed by the Board of Directors as an Additional Director with effect from 20th June, 2000. In terms of Section 260 of the Companies Act, 1956, read with Clause No.95 of the Articles of Association, he holds the said office only upto the date of the ensuing Annual General Meeting. A Notice has been received from a Member and also Deposit of Rs. 500 has been received from him pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri. Banwari Lal Singhal for the office of Director.

Shri. Banwari Lal Singhal is a practising Chartered Accountant and a Senior Partner of M/s. B.L.Singhal & Co., Chartered Accountants, Calcutta. He is a well known Financial Consultant and an expert in Company Law matters. Your Directors consider it advisable for the Company to avail of the benefit of his advice and guidance as Director. The Board therefore, recommends the passing of the ordinary resolution contained in item no. 7 of the accompanying Notice.

None of the Directors of the Company is concerned or interested in the resolution, except Shri. Banwari Lal Singhal.

ITEM NO. 8 : The Members at the Annual General Meeting held on 30th July, 1999 approved the re-appointment and remuneration / perquisites of Shri. Umang Patodia as Managing Director for a period of 5 years from 04.08.1999 to 03.08.2004. As per the terms of approval, Shri. Umang Patodia, Managing Director, is presently drawing a Basic Salary of Rs. 55,000 per month effective from 1st April, 2000.

In view of the increased activities, the Board of Directors of the Company has at its meeting held on 20th June, 2000, carried out variations in terms of the Managing Director's remuneration as payable from 1st April, 2000 to 3rd August, 2004, being the balance

NOTICE (Contd.)

period of his present term as set out below and also mentioned in the Supplementary Agreement between the Company and Shri. Umang Patodia, subject, however to the Members approving and ratifying the same.

REVISED / INCREASED REMUNERATION OF SHRI. UMANG PATODIA W.E.F: 01.04.2000

- a) **Period** : Four years from 1st April 2000 to 3rd August 2004.
- b) **Salary** : Rs. 65,000/- per month in the Scale of Rs. 65,000 – 7,500 – 95,000 effective from 1st April, 2000.
- c) **Commission** : Subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, such percentage of Net Profit of the Company or such quantum as may be fixed by the Board / Committee of Directors for each Financial Year not exceeding 2% of the Net Profits of the Company each year.
- d) **Perquisites as follows:**
 - (i) Housing : Rent Free accommodation will be provided to the appointee for which ten per cent of the appointee's salary shall be recovered. In case no accommodation is so provided by the Company, house rent allowance at sixty per cent of the appointee's salary, shall be paid. In addition, the appointee shall be allowed Company owned furniture and fixtures, if required.
 - (ii) The expenditure incurred by the appointee on gas, electricity and water shall be reimbursed by the Company.
 - (iii) All medical expenses incurred by the appointee for self and their family shall be reimbursed.
 - (iv) Leave Travel Concession for the appointee and their family will be allowed once in a year as per the rules of the Company.
 - (v) Fees of Clubs subject to a maximum of two Clubs; this will not include admission and life membership fees.
 - (vi) Personal Accident Insurance, the premium of which shall not exceed Rs. 10,000/- per annum.
 - (vii) Contribution to Provident Fund, Superannuation Fund, Annuity Fund to the extent the same are not taxable under the Income Tax Act.
 - (viii) Gratuity as per the provisions of the Payment of Gratuity Act or as per the Gratuity Scheme of the Company, whichever is higher.
 - (ix) Provision of Car with driver for use on Company's business and telephone at the residence.
 - (x) Leave unavailed of to be allowed to be encashed as per rules of the Company.
- e) **Minimum Remuneration**
The above appointee shall be paid the same remuneration as stated above as minimum remuneration, in the event of inadequacy of profit subject to the ceiling of minimum remuneration as stated in Part II, Section II of Schedule XIII of the Companies Act, 1956, with such modifications as may be made therein from time to time being in force.

Furthermore, approval of the members in General Meeting is required to be obtained for payment of minimum remuneration, by way of salary and perquisites and allowances as specified above in the event of absence or inadequacy of profit in any financial year during the tenure of Shri. Umang Patodia as the Managing Director of the Company.

Shri. B. K. Patodia, Shri. M. K. Patodia and Shri. Umang Patodia, being related to each other, are deemed to be interested in the resolution mentioned in Item no. 8 of the Notice.

None of the other Directors of the Company is in any way concerned or interested in the resolution mentioned in item no. 8 of the Notice.

The terms and conditions mentioned in item no. 8 of the Notice may also be taken as a abstract of the Supplementary Agreement made by the Company with Shri. Umang Patodia pursuant to Section 302 of the Companies Act, 1956.

ITEM NO. 9 : The Company has been sanctioned Additional Financial Assistance by IDBI for its modernisation-cum-expansion plans of the Company. As per terms of sanction, the said financial assistance shall be secured by way of mortgage on pari passu First Charge on all the immovable properties of the Company, present and future.

The company has undertaken to IDBI that shareholders approval will be taken in the ensuing Annual General Meeting and therefore IDBI has extended mortgage on the aforesaid financial assistance.

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

Since the mortgaging by the Company of its movable and immovable properties as aforesaid in favour of IDBI may be regarded as disposal of the Company's properties / undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copies of the letters of sanction Nos.3530/PFD(857) dated 29th June, 1999, 6363/PFD(857) dated 16th September, 1999 and 13985/CFD(857) dated 20th March, 2000 received from IDBI is open for inspection at the Registered Office of the Company between 11.00 a.m to 1.00 p.m on any working day prior to the date of the meeting.

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

Yours Directors commend the Resolution for approval.

ITEM NO. 10 : Consequent to the introduction of the Depository System and considering the benefits of scripless Trading in Book Entry for electronically, the Company intends to participate in the Depository System.

With the enactment of the Depositories Act, 1996 and amendments to certain provisions of the Companies Act, 1956, a new Article is proposed to be introduced, briefly stating the frame work of the System of Depository as per the provisions of the Depositories Act,