

# TWENTY FOURTH ANNUAL REPORT 2008 - 2009



*Rama  
Paper  
Mills  
Limited*

NAJIBABAD ROAD, KIRATPUR, (BIJNOR) U.P.

**RAMA PAPER MILLS LIMITED****BOARD OF DIRECTORS**

|                      |   |                              |
|----------------------|---|------------------------------|
| Shri Pramod Agarwal  | - | Chairman & Managing Director |
| Shri Arun Goel       | - | Executive Director           |
| Shri Amar Mittal     | - | Director                     |
| Shri Prabhat Agarwal | - | Director                     |
| Shri H. S. Bhim Rao  | - | Director                     |

**COMPANY SECRETARY**

Shri Pankaj Misra

**BANKERS**

Bank of Baroda

**AUDITORS**

Shiam & Co.  
Chartered Accountant  
Muzaffarnagar (U.P.)

**COST AUDITORS**

Aseem Jain & Asso.  
Cost Accountant  
New Delhi

**REGISTERED OFFICE & WORKS**

4th KM Stone, Najibabad Road,  
Kiratpur-246731  
Dist. Bijnor (U.P.)  
Email : [works@ramapaper.com](mailto:works@ramapaper.com)  
Website: [www.ramapaper.com](http://www.ramapaper.com)

**CORPORATE OFFICE**

12/22 IInd Floor, East Patel Nagar  
New Delhi-110008.  
Email : [delhi@ramapaper.com](mailto:delhi@ramapaper.com)

**REGISTRAR & TRANSFER AGENT**

Indus Portfolio (P) Limited  
ISIN INE425E01013  
G-65, Bali Nagar, New Delhi  
SEBI Registration No. INROOOOO3845

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## **Chairman's Message**

***Dear Stakeholders,***

2008-09 was a year of two phases. While, the first half of the year witnessed sharp increases in the prices of all commodity classes, with inflation reaching new highs (11%) and crude oil touching US\$145 per barrel, the second half of the year witnessed a financial turmoil in the western world leaving its scars on the Indian economy. What started as a housing crisis and the sub-prime crisis in the US has unexpectedly been contagious to all economies of the world, sucking out liquidity and severely restricting credit. Although Central Banks across the world intervened in an unprecedented manner hitherto, the crisis is yet to abate fully.

Your Company has sustained its growth path by achieving 25.96% increase in the turnover as compared to the previous year. We are putting all our efforts for manufacturing quality product and thus to cater more and more market and also fetch better realization for the products of your Company. Moreover, in spite of sharp hike in raw material rates in the previous year, which could not be responded proportionately by the market, your Company succeeded to retain the Profit Before Tax (PBT) to a reasonable extent by adopting cost effective techniques. These are commendable achievements which, I feel confident, will be better in the coming years.

Your Company achieved almost 100% capacity utilization and stagnation in growth. Your Company foresee the market of Tissue/ Poster Paper in India and MG Machine Project of your Company having capacity of 16320 TPA, of course with the financial assistance of Bank of Baroda, is at very advanced stage of its installation and we do hope to get the trial production by August 2009. Moreover, your Company also commissioned modernization & up-gradation project in all its existing three units. The modernization mainly envisaged replacement of old and obsolete equipments by technologically superior, high speed and energy efficient equipments, which will not only increased the speed of the lines but also result in manufacture of better quality paper. Your Company is proposing to produce and market complete range of quality products post modernization. With completion of all the projects the total production capacity would go up to around 60000 TPA.

Paper prices look to be firm, the comparative higher capacities, better quality and saving in power cost will enhance sales and profits. Though the full impact of expansion and modernization program will surface in 2009-10, still I believe that 2008-09 was reasonably good year for your company.

In conclusion, I would like to express my most heartfelt thanks to all our business partners, customers and bankers for their faith in us. My special thanks to the entire RPML team for all their valued sacrifices and unitedly facing an incredibly difficult year. I believe that, together, we will succeed in our efforts to sail through this rough tide.

With kind regards

Yours sincerely

**08.08.2009**

**Pramod Agarwal**  
**Chairman & Managing Director**



## **EXECUTIVE DIRECTOR'S COMMUNIQUE**

***Dear Members,***

I wish you and your family in hale & hearty.

At the outset, I wish to convey my heartiest thanks to the Shareholders of the Company, Bankers, Central and State Government, Local Bodies, Customers and the Employees of the Company at all the levels.

The continued untiring and persistent efforts of the management, coupled with the whole hearted support of all concerned with your company, who are associated in its well being directly or indirectly, have profounded its results in the financial year 2008-09 and your Company achieved turnover of Rs. 107.19 Crore and the profit after tax of Rs. 2.90 Crore. The Management of your Company is further endeavoring all its attempts to retain and sustain its path of achievements in future as well. The Tissue/ Poster Paper Manufacturing Machine (MG) Project to increase production capacity by another 16320 TPA is at very advanced stage of installation and we do hope to get trial run by August 2009. Moreso, to strengthen quality base, your company has installed balancing equipments in all its three units having cost of project of Rs.13 Crore. Of course, the Bank of Baroda has kind enough to part-finance both the above projects by way of term loan.

I am confident that the above highly promotional steps of the Management, coupled with saving in power cost, will give further heights of success to the performance of your Company in the years to come.

I am very pleased to inform that the 6 MW Bio-mass based Co-generation Project of your company has been registered with United Nations Framework Convention on Climate Change (UNFCCC) February 1, 2008 under Kyoto Protocol for getting the benefits of carbon credits under Clean Development Mechanism (CDM) The UNFCCC Reference Number is 1181. The project has been registered for a renewable period of seven years for 24640 Tons Certified Emission Reduction per annum. The First Verification period commencing from 01<sup>st</sup> February 2008 to 31<sup>st</sup> December 2008 has already been over and the monitoring report has been submitted to the SGS (DOE appointed by UNFCCC) and we hope to get it validated by September 2009.

I trust that with the continued support and patronage of all concerned, your Company will touch the heights of success in the coming years.

Thank you very much.

With best regards,

**Arun Goel**

**08.08.2009**



## RAMA PAPER MILLS LIMITED

### **NOTICE**

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of RAMA PAPER MILLS LIMITED will be held on Tuesday, the 8<sup>th</sup> September, 2009 at 10.00 A.M at the Registered Office of the Company at Najibabad Road, Kiratpur, Distt. Bijnor (U.P.) to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009, Balance Sheet as at that date together with the Reports of Auditors' and Directors' thereon.
2. To appoint a Director in place of Shri Amar Mittal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### **SPECIAL BUSINESS:**

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the 'Act') including any statutory modification(s) or re-enactment thereof for the time being in force and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and subject to all necessary approvals, permissions and sanctions as may be required from any Governmental or regulatory authority and / or all other Institutions and bodies and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution), the consent and approval of the Company be and is hereby accorded to the Board to issue and allot 33,33,334 (Thirty Three Lacs Thirty Three Thousand Three Hundred Thirty Four) Equity Shares of Rs. 10/- each of the aggregate nominal value of Rs.3,33,33,340/- (Rupees Three Crores Thirty Three Lacs Thirty Three Thousand Three Hundred Forty only) at a price of Rs. 15/- per Share, which is higher than the price determined in accordance with the applicable Guidelines and Regulations issued by SEBI, to the holders of 6% Non-Cumulative Convertible Preference Shares (hereinafter referred to as the 'Preference Shares') of Rs. 100/- each upon exercise of conversion rights attached to the said Preference Shares and upon such other terms and conditions as may be deemed appropriate by the Board and permitted under the relevant guidelines in force at the time of issue of such Equity Shares upon conversion."

"RESOLVED FURTHER THAT the Equity Shares so allotted upon conversion of Preference Shares shall rank pari-passu in all respects with the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT the 'Relevant Date' for the purpose of computing the price for issue and allotment of Equity Shares would be 08th August, 2009.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to enter into arrangements/ agreements and to settle all questions, difficulties or doubts that may arise with regard to such issue and take all steps which are incidental, consequential, relevant or ancillary in this connection."

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the 'Act') including any statutory modification(s) or re-enactment thereof for the time being in force and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and subject to all necessary approvals, permissions and sanctions as may be required from any Governmental or regulatory authority and / or all other Institutions and bodies and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution), the consent and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot on preferential basis 6,84,108 (Six Lacs Eighty Four Thousand One Hundred and Eight) Equity Shares of Rs. 10/- each of the aggregate nominal value of Rs. 68,41,080/- (Rupees Sixty Eight Lacs Forty One Thousand Eighty only) at a price of Rs.15/- per Share, which is higher than the price determined in accordance with the applicable Guidelines and Regulations issued by SEBI to the 'Promoter Group' (which expression shall mean and include the Promoters and present Management in control of the Company and their Friends, Associates, Companies controlled by them or in which they are Directors or Shareholders, hereinafter referred to as 'Promoter Group') and upon such other terms and conditions as may be deemed appropriate by the Board and permitted under the relevant guidelines in force at the time of issue of such Equity Shares."



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**"RESOLVED FURTHER THAT** the Equity Shares so allotted on preferential basis shall rank pari-passu in all respects with the existing Equity Shares of the Company."

**"RESOLVED FURTHER THAT** the 'Relevant Date' for the purpose of computing the price for issue and allotment of Equity Shares would be 08<sup>th</sup> August, 2009.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to enter into arrangements/ agreements and to settle all questions, difficulties or doubts that may arise with regard to such issue and take all steps which are incidental, consequential, relevant or ancillary in this connection."

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

**"RESOLVED THAT** pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members be and is hereby accorded to the Board of Directors of the Company for undertaking and commencing all or any of the businesses as specified in the Sub-clauses 39, 51 and 54 under Clause III (C) Other Objects Clause of the Memorandum of Association of the Company as reproduced hereunder as and when deemed fit and considered most appropriate by the Board of Directors of the Company;

39. To produce, manufacture, purchase, prepare, crush, raise, dress, treat, turn to account, purchase, sell, amalgamate, manipulate, export, import or otherwise deal with either as principals or agents, either solely or in partnership with others, foodstuffs such as wheat, grain, barley, rice, corn, maize, millets, all kind of grains, cereals, spices of all kinds, and oil seeds and for the purpose of which to purchase, acquire, erect and install factories, Roller Flour Mills, Dal Mills, Rice Mills, Oil Presses and Solvent Extraction Plants.

51. To establish, own or acquire steel rolling and/or steel rolling mills and electric steel scrap melting furnace and to carry on business as manufacturers of and dealers in M.S. Bars, light and heavy steel structurals and other special sections of steel ingots and billets, special and other alloy steel engineering goods, tools and implements, machine part hardware and non-ferrous C.I. and steel casting and steel fabrications of all kinds and manufacture, search for extract, raise, process, buy, sell and otherwise deal in alloys, metals and scrap.

54. To carry on business of purchase, manufacture, produce, refine, prepare, import, export, sale and generally to deal in sugar, sugar beets, sugarcane, molasses, cattle food and melada and all products or bye products thereof, generally and in connection therewith to acquire, to plant, cultivate, produce or raise or purchase sugarcane, maize, sugar beets, distillers, breweries, manufacturers of wines, alcohol and spirit and allied products and bye products thereof and to purchase, sale, import, export and otherwise deal in all such products and raw material relating thereto

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to enter into arrangements/ agreements and to settle all questions, difficulties or doubts that may arise with regard to such issue and take all steps which are incidental, consequential, relevant or ancillary in this connection."

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

**"RESOLVED THAT** pursuant to provisions of Section 269, 198, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to approval of Central Government as required, consent of the Company be and is hereby accorded to the re-appointment of Shri Pramod Agarwal as the Chairman & Managing Director of the Company for a period of Five years with effect from 1<sup>st</sup> October, 2009 on the following terms and conditions as approved by the Remuneration Committee:

### I. SALARY

Rs. 5,00,000/- (Rupees Five Lacs only) per month (in the scale of Rs. 5,00,000 – 1,00,000 – 10,00,000).

### II. COMMISSION

In addition to Salary as aforesaid, the Chairman & Managing Director shall be entitled to Commission @ 2% of the Net Profits provided that the total remuneration shall not exceed the limits as laid down in Section 198 and 309 of the Companies Act, 1956.

### III. PERQUISITES

#### CATEGORY – A: -

I. HOUSING: The expenditure by the company on hiring unfurnished accommodation for the Chairman & Managing Director or House Rent Allowance subject to 60% of salary over and above ten percent payable by the Chairman & Managing Director.

II. Soft-furnishing worth Rs. 2 Lacs once in 3 years.





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- III. Reimbursement of cost of two support staff at residence, upto Rs. 60,000/- per annum.
  - IV. FURNISHING GAS ETC. The expenditure incurred by the company on Gas, Electricity, Water, furnishing including, Air Conditioners, Geysers shall be valued as per Income Tax Rules, 1962 subject to a ceiling of 10% of the salary of the Chairman & Managing Director.
  - V. MEDICAL REIMBURSEMENT: Expenses incurred for the Chairman & Managing Director and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
  - VI. LEAVE TRAVEL CONCESSION: For Chairman & Managing Director and his family once in a year to and from New Delhi to any place in India subject to the condition that only actual Rail (1st AC) or Air fare by the shortest route and no hotel expenses.
  - VII. CLUB FEES: Fees of the club subject to a maximum of two clubs. This will not include admission and life membership fees.
  - VIII. PERSONAL ACCIDENT INSURANCE: Premium not to exceed Rs. 12,000/- per annum.
- EXPLANATION: For the purpose of category 'A' family means the spouse and minor children.

### CATEGORY 'B':-

- I. CONTRIBUTION TO PROVIDENT FUND: As per rules of the Company but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- II. COMPANY'S CONTRIBUTION TOWARDS PENSION / SUPER ANNUATION FUND: As per rules of the Company but not exceeding (together with Company's contribution to the provident fund) 25% of the salary as laid down under the Income Tax Rules, 1962.

GRATUITY: Half a month's salary for each completed year of service. Contribution to provident fund and superannuation fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act.

- IV. LEAVE: The Chairman & Managing Director shall also be entitled to leave on full pay and allowance as per rules of the Company not exceeding one month's leave for every eleven months of service subject to the condition that leaves accumulated but not availed of will not be allowed to be encashed during the currency of service (encashment allowed at the end of tenure).
- V. The Chairman & Managing Director will be entitled to free use of Company's Cars with drivers for use of Company's business.
- VI. Free Telephone facility will be provided to the Chairman & Managing Director at his residence.
- VII. Corporate Relation Expenses reimbursement for an amount of Rs. 25,000/- per annum.
- VIII. Educational support to dependent children including their travel, hostel and tuition fees, subject to maximum of Rs. 50,000/- (Rupees Fifty Thousand only) in the aggregate, in a year.

### MINIMUM REMUNERATION

**RESOLVED FURTHER THAT** where in any Financial Year during the currency of tenure of Chairman & Managing Director, the Company has adequate profits, Shri Pramod Agarwal, Chairman & Managing Director shall be entitled to remuneration by way of salary and perquisites which is over and above limits laid down in Schedule XIII of the Companies Act, 1956 as in force from time to time, as minimum remuneration, subject to approval of Central Government.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized to complete all necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

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

"RESOLVED THAT pursuant to provisions of Section 269, 198, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to approval of Central Government, consent of the Company be and is hereby accorded to the re-appointment of Shri Arun Goel as the Whole-time Director designated as Executive Director of the Company for a period of Five years with effect from 1<sup>st</sup> October, 2009 on the following terms and conditions as approved by the Remuneration Committee:

#### I. SALARY

Rs. 5,00,000/- (Rupees Five Lacs only) per month (in the scale of Rs. 5,00,000 – 1,00,000 – 10,00,000).

#### II. COMMISSION

In addition to Salary as aforesaid, the Executive Director shall be entitled to Commission @ 2% of the Net Profits provided that the total remuneration shall not exceed the limits as laid down in Section 198 and 309 of the Companies Act, 1956.

#### III. PERQUISITES

##### CATEGORY – A: -

- I. HOUSING: The expenditure by the company on hiring unfurnished accommodation for the Executive Director or House Rent Allowance subject to 60% of salary over and above ten percent payable by the Executive Director.



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- II. Soft-furnishing worth Rs. 2 Lacs once in 3 years.
- III. Reimbursement of cost of two support staff at residence, upto Rs. 60,000/- per annum.
- IV. FURNISHING GAS ETC. The expenditure incurred by the company on Gas, Electricity, Water, furnishing including, Air Conditioners, Geysers shall be valued as per Income Tax Rules, 1962 subject to a ceiling of 10% of the salary of the Executive Director.
- V. MEDICAL REIMBURSEMENT: Expenses incurred for the Executive Director and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- VI. LEAVE TRAVEL CONCESSION: For Executive Director and his family once in a year to and from Kiratpur to any place in India subject to the condition that only actual Rail (1st AC) or Air fare by the shortest route and no hotel expenses.
- VII. CLUB FEES: Fees of the club subject to a maximum of two clubs. This will not include admission and life membership fees.
- VIII. PERSONAL ACCIDENT INSURANCE: Premium not to exceed Rs. 12,000/- per annum.

EXPLANATION: For the purpose of category 'A' family means the spouse and minor children.

### CATEGORY 'B':-

- I. CONTRIBUTION TO PROVIDENT FUND: As per rules of the Company but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- II. COMPANY'S CONTRIBUTION TOWARDS PENSION / SUPER ANNUATION FUND: As per rules of the Company but not exceeding (together with Company's contribution to the provident fund) 25% of the salary as laid down under the Income Tax Rules, 1962.
- III. GRATUITY: Half a month's salary for each completed year of service. Contribution to provident fund and super annuation fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act.
- IV. LEAVE: The Executive Director shall also be entitled to leave on full pay and allowance as per rules of the Company not exceeding one month's leave for every eleven months of service subject to the condition that leaves accumulated but not availed of will not be allowed to be encashed during the currency of service (encashment allowed at the end of tenure).
- V. The Executive Director will be entitled to free use of Company's Cars with drivers for use of Company's business.
- VI. Free Telephone facility will be provided to the Executive Director at his residence.
- VII. Corporate Relation Expenses reimbursement for an amount of Rs. 25,000/- per annum.

Educational support to dependent children including their travel, hostel Fee and tuition fees, subject to maximum of Rs. 50,000/- (Rupees fifty thousand only) in the aggregate, in a year.

### MINIMUM REMUNERATION

**RESOLVED FURTHER THAT** where in any Financial Year during the currency of tenure of Executive Director, the Company has adequate profits, Shri Arun Goel, Executive Director shall be entitled to remuneration by way of salary and perquisites which is over and above to the overall limits laid down in Schedule XIII of the Companies Act, 1956 as in force from time to time, as minimum remuneration, subject to approval of Central Government.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized to complete all necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

**By Order of the Board  
For RAMA PAPER MILLS LIMITED**

**(PANKAJ MISRA)  
Company Secretary**

**Place: New Delhi  
Date: 08.08.2009**





## RAMA PAPER MILLS LIMITED

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and The proxy need not be a member of the company. Proxy in order to be effective must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting.
2. The Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 in respect of the Special business (es) under Item Nos. 4 to 8 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 05th September, 2009 to Tuesday, the 08th September, 2009, both the days inclusive.
4. It may be noted that Dividends, which remain unpaid or unclaimed for a period of Seven years from the date they became due for payment shall be transferred by the Company to the "Investor Education and Protection Fund" established by the Government of India and that thereafter no claim shall lie against the Fund or the Company in respect of the amount so transferred. Members who have not so far encashed dividend warrant(s) may send their outdated dividend warrants to the Company or to the Registrars and Transfer Agents, M/s Indus Portfolio Private Limited for issue of duplicate warrant(s) in lieu thereof.
5. Members seeking any information regarding Accounts should write to the Company at its Registered Office at least seven days before the date of the Meeting so as to enable the management to keep the information ready, if the Chairman so permits.
6. The Members are requested to intimate to the Registrar of the Company immediately any change in their address alongwith the Pin Code Number indicating their Folio Number to "M/s Indus Portfolio Private Limited" G-65, Bali Nagar, New Delhi.
7. The Members holding Shares in the physical form, who are desirous of making nominations as permitted under Section 109A of the Companies Act, 1956 in respect of the Shares held by them may write to the RTA for the prescribed form.
8. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is given in the Annexure.

### ANNEXURE TO NOTICE

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

##### **Item No. 4:**

The existing Preference Shares of the Company were allotted on 10<sup>th</sup> December, 2002 carrying a coupon rate of 12% p.a. The rights attached to the Preference Shares were subsequently varied with the approval of Preference Shareholders thereby, the coupon rate was reduced to 6% and the same were made non-cumulative and redeemable after the expiry of seven years but before the expiry of ten years from the date of allotment. The Company has undertaken various expansion and modernization programs, which need further infusion of funds. With a view to strengthen the capital base, improve the cash flow position and discharge the impending liability on account of redemption of Preference Shares, the Board of Directors of the Company considered it appropriate to vary the rights of Preference Shareholders so as to make them convertible into Equity Shares.

The Board of Directors of the Company after obtaining approval of the Preference Shareholders and also the Equity Shareholders of the Company varied the rights attached to the Preference Shares making them convertible into Equity Shares in such mode and manner, terms and conditions and price having regard to the prevailing Rules, Regulations and Guidelines. The Board of Directors of the Company at its Meeting held on 08<sup>th</sup> August, 2009 has accordingly, decided to convert the Preference Shares into Equity Shares as under:-

- The Company shall issue of 200 (Two Hundred) Equity Shares of Rs.10/- each at a premium of Rs.5/- per share for every 30 (Thirty), 6% Non-Cumulative Convertible Preference Shares of Rs. 100/- each.
- The Equity Shares allotted upon conversion shall be locked in as per the provisions of Chapter XIII (Guidelines for Preferential Issues) of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.
- That upon conversion of Preference Shares into Equity Shares, the Company's liability for redemption of Preference Shares shall stand fully discharged.

The intimation as required under SEBI (Disclosure and Investor Protection) Guidelines, 2000 is as under:-

##### **1. Objects of the Issue:**

To augment the long term resources of the Company and to discharge the liability of Preference Shares.



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### 2. Pricing of the Issue:

The issue price of Equity Shares of Rs. 10/- each to be allotted upon conversion of Preference Shares, shall be Rs. 15/- per Equity Share. This price is higher than the price of Rs. 10.41 determined as per SEBI Guidelines considering 08<sup>th</sup> August, 2009 as the 'Relevant Date'.

### 3. Intention of Promoters / Directors / Key Management Persons to subscribe to the Offer:

The Issue of Equity Shares is being made to the holders of Preference Shares against exercise of conversion rights attached to Preference Shares held by them and such Preference Shareholders do not belong to the Category of Promoters, Directors and Key Managerial Persons.

### 4. Shareholding Pattern before and after the offer

Shareholding Pattern before and after exercise of conversion rights attached to Preference Shares shall be as under:-

#### SHAREHOLDING PATTERN

| Category   | Before the proposed Conversion |                           | After the proposed conversion. |                           |
|--|--------------------------------|---------------------------|--------------------------------|---------------------------|
|  | No. of Shares                  | % of Equity Share Capital | No. of Shares                  | % of Equity Share Capital |
| <b>PROMOTERS' HOLDING</b>  |                                |                           |                                |                           |
| <b>Promoters</b>   |                                |                           |                                |                           |
| - Indian Promoters   | 3466233                        | 35.86                     | 3466233                        | 26.67                     |
| - Foreign Promoters  | —                              | —                         | —                              | —                         |
| <b>Sub-Total</b>   | 3466233                        | 35.86                     | 3466233                        | 26.67                     |
| <b>NON – PROMOTERS' HOLDING</b>  |                                |                           |                                |                           |
| <b>Institutional Investors</b>   | —                              | —                         |                                |                           |
| Mutual Funds and UTI   | 3600                           | 0.04                      | 3600                           | 0.03                      |
| Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Government Institutions) | —                              | —                         | —                              | —                         |
| FIIIs  | —                              | —                         | —                              | —                         |
| <b>Sub-Total</b>   | 3600                           | 0.04                      | 3600                           | 0.03                      |
| <b>OTHERS</b>  |                                |                           |                                |                           |
| Private Corporate Bodies   | 1383680                        | 14.32                     | 4717014                        | 36.29                     |
| Indian Public  | 4212900                        | 43.59                     | 4212900                        | 32.41                     |
| Directors & their relatives  | 508400                         | 5.26                      | 508400                         | 3.91                      |
| NRIs / OCBs  | 89920                          | 0.93                      | 89920                          | 0.69                      |
| GDRs   | —                              | —                         | —                              | —                         |
| <b>Sub-Total</b>   | 6194900                        | 64.10                     | 9528234                        | 73.31                     |
| <b>GRAND TOTAL</b>   | <b>9664733</b>                 | <b>100</b>                | <b>12998067</b>                | <b>100</b>                |

#### Note:

The Proposed Allotment will not result in any change in the Management control. However, voting rights may change according to change in Shareholding Pattern mentioned above.

### 5. Proposed time within which Allotment will be completed:

The issue and allotment of 33,33,334 Equity Shares as proposed under Special Resolution will be completed within 15 days period from the date of this Meeting, or such other extended time as may be prescribed or permitted under the SEBI Guidelines.

### 6. Identity of Allottees with percentage of expanded Capital to be held by them:

The details relating to the proposed Allottees for 33,33,334 Equity Shares and their pre and post Conversion Equity Shareholding in the Company are as under:-

| Proposed Allottee          | Pre – conversion |                           | Post – conversion |                           |
|----------------------------|------------------|---------------------------|-------------------|---------------------------|
|                            | No. of Shares    | % of Equity Share Capital | No. of Shares     | % of Equity Share Capital |
| Ram Singh Steels Pvt. Ltd. | 275000           | 2.85                      | 1941667           | 14.94                     |
| PKA Projects Pvt. Ltd.     | 275000           | 2.85                      | 1941667           | 14.94                     |