

## 25th Annual Report 1998-1999



Saurashtra Paper & Board Mills Ltd.

**Board of Directors**

Shashikant K. Mehta  
*Chairman*

Deepak S. Mehta  
*Managing Director*

Pramod I. Shah  
*Director (Technical)*

Mahendra K. Mehta  
*Director*

Sheetal S. Mehta  
*Director*

Hemant I. Shah  
*Director*

Bharat K. Porecha  
*Nominee Director (G.I.C.)*

**Company Secretary**

Nalin T. Ganatra

**Auditors**

M/s. Sanghavi & Co.  
Aditya Centre  
Phulchhab Chowk  
Rajkot 360 001

**Corporate Advisor**

Deepak M. Rindani  
Chartered Accountant  
Rajkot

**Bankers**

State bank of India  
Bank of India  
Corporation Bank

**Registered Office**

204, Pattani Building  
M. G. Road  
Rajkot 360 001

**Works**

Navagam, Dist. Rajkot (PM I)  
Shapar, Dist. Rajkot (PM II)

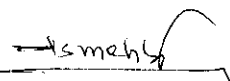
Dear Shareholder,

Saurashtra Paper and Board Mills Ltd. has always conducted its business in a transparent manner which is why I have chosen to write to you today. Once again it is review time and I am happy to inform you that we have put the worst behind us.

We are very focused in our objective of becoming a major player in the writing printing paper segment and our efforts in that direction will shortly be fruitful. The equity participation that we had arranged was a little delayed in coming through which was also one of the major reasons for our poor performance. However, with the fresh infusion of funds to the tune of Rs. 25 crores, your company is poised to take a quantum leap forward. Plans are afoot to install additional capacities and make Saurashtra Paper a formidable player in the paper industry. A detailed plan of action charted by the company will be unveiled at the forthcoming Annual General Meeting. Do make it a point to be present for the same.

I really appreciate the faith reposed by you in the company by staying invested during these turbulent times and hope this communication has reassured you, our esteemed shareholders, that safe guarding your interests is our primary concern and all our endeavours have constantly been towards fulfilling this pledge we made to you.

Yours sincerely



**Deepak S. Mehta**

## NOTICE

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of the Members of SAURASHTRA PAPER & BOARD MILLS LTD. will be held on Saturday, the 23rd September, 2000 at 11:30 a.m. at KKV Hall, Kalavad Road, Rajkot, to transact the following business

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st December, 1999 and the Profit & Loss Account for the period ended on that date together with the Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Shri Pramod L. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Mahendra K. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION: :

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and of the Securities and Exchange Board of India (SEBI) Act, 1992 and the Guidelines issued and Regulations made thereunder, and subject to the listing agreement entered into with the Stock Exchanges and subject to the consents, permissions and sanctions of SEBI, Reserve Bank of India or such other appropriate Authorities, Institutions, Bodies, of all persons as may be necessary and/or subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter called "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereunder constitute to exercise its powers including the powers conferred by this Resolution) consent, authority and approval of the Company be and is hereby accorded to issue, offer for subscription and allot upto 16,77,100 (Sixteen Lac Seventy Seven Thousand One Hundred Only) each of Rs.10/- at a premium of Rs.80/- per share with or without lock-in-period to the Promoters, their friends, relatives, associates and associate companies, Non Resident Indians (NRIs), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) as the Board may be in its absolute discretion decided by offering the Securities through Prospectus and/or Letter of Offer and/or Circular and/or private placement basis as may be deemed appropriate by the Board, such offer, issue and allotment to be made at such time or times in one or more tranches and in such manner on such terms and conditions as the Board may in its absolute discretion determine with power to settle the details as to the form and terms of the issue of the Shares and all other terms conditions and matters connected therewith and to accept any modifications in the proposal as may be required by the authorities/parties involved in/connected with such issue, but subject to such conditions as the Appropriate Authorities may impose at the time of their according/granting approvals, consents, permissions and sanctions and as agreed to by the Board."

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers to any Committee of Directors of the Company to give effect to the aforesaid Resolution."

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION: :

"RESOLVED THAT in accordance with the provisions of Section 80,81,81(1A) and all the applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum & Article of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed, subject to approval of Reserve Bank of India and subject to the approval of all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions, sanctions as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or a duly authorised committee thereof for the time being exercising the powers conferred by the Board, the consent of the company be and is hereby accorded to the Board to offer/issue/allot Equity Shares, the redeemable preference shares/debentures convertible or non convertible of an aggregate amount not exceeding Rs.25 crores, with or without detachable or non-detachable warrants or any other financial instruments (hereinafter for brevity's sake referred to as "Securities") as the Board at its Sole discretion may at any time or times hereafter decide, to such person or persons, whether or not shareholders of the Company, as the Board or Committee may at its sole discretion decide, including one or more of the members, promoters, debenture-holders, employees, Non Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), bodies corporate, companies, private or public or other entities, in one or more combinations thereof, whether through public issue, rights issue, private placement, preferential allotment, exchange of securities, conversion of loan or otherwise, in

one or more modes or combinations thereof and in one or more tranches, at such price or prices as the Board or Committee thereof may in its absolute discretion think fit, in consultation with advisors or such persons and on such terms and conditions including the number of shares to be issued, rate of dividend, amount of premium, if any, on redemption, redemption period, manner of redemption, the ratio of exchange of shares or Securities and matters incidental thereto:

RESOLVED FURTHER THAT in the event of any equity shares being issued against the Securities, this resolution shall be deemed to have authorised the Board/Committee in terms as the Board/Committee may in its sole discretion deem proper:

RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed of by the Board/Committee thereof to such persons and in such manner and on such terms as the Board/Committee in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutional Investors/Bodies Corporate/ Non Resident Indians, Overseas Corporate Bodies(OCBs), Foreign Institutional Investors (FIIs), such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide;

RESOLVED FURTHER THAT for the purpose of giving effects to this resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things as it may be in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds, issue of securities and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit".

7. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION. :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or reenactment thereof, for the time being in force), the Company hereby accords its approval to the reappointment of Shri Deepak S. Mehta, as Managing Director of the Company for a further period of five years with effect from 1st March, 1999 with liberty to either party to terminate the appointment on three months notice in writing upon the terms and conditions as set out in the explanatory statement attached with this notice.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, perquisites, allowance etc. within such prescribed limit or ceiling without any further reference to the Company in general meeting and to take all steps to give effect to this Resolution."

8. To consider and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION. :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or reenactment thereof, for the time being in force), the Company hereby accords its approval to the reappointment of Shri Shashikant K. Mehta, as Chairman of the Company for a further period of five years with effect from 6th August, 1999 with liberty to either party to terminate the appointment on three months notice in writing upon the terms and conditions as set out in the explanatory statement attached with this notice.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, perquisites, allowance etc. within such prescribed limit or ceiling without any further reference to the Company in general meeting and to take all steps to give effect to this Resolution."

9. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION. :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or reenactment thereof, for the time being in force), the Company hereby accords its approval to the reappointment of Shri Pramod I. Shah, as Director (Technical) of the Company for a further period of five years with effect from 6th August, 1999 with liberty to either party to terminate the appointment on three months notice in writing upon the terms and conditions as set out in the explanatory statement attached with this notice.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, perquisites, allowance etc. within such prescribed limit or

ceiling without any further reference to the Company in general meeting and to take all steps to give effect to this Resolution.”

10. To consider, and, if thought fit, to pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION :

“RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the manner and to the extent hereafter set out:-

- (I) Insert new definitions and modify existing definition in Article 2 under the heading ‘INTERPRETATION’ as under :

<b>‘Beneficial Owner’</b>	‘Beneficial Owner’ means a person whose name is recorded as such with a depository.
<b>‘Bye-laws’</b>	‘Bye-laws’ means bye-laws made by a depository under Section 26 of the Depositories Act, 1996.
<b>‘Depository’</b>	‘Depository’ shall mean a depository as defined in Clause (c) of Sub-section (1) of Section 2 of the Depositories Act, 1996.
<b>‘Member’</b>	‘Member’ means the subscribers to the Memorandum of the Company and duly registered holders from time to time of shares of the Company and shall include in case of shares held by a depository, the beneficial owners whose names are recorded as such with a depository.
<b>‘Regulations’</b>	‘Regulations’ means the regulations made by the SEBI Board.
<b>‘Share’</b>	‘Share’ means a share in the Share Capital of the Company, whether held in tangible or fungible form and includes stock except where a distinction between stock and shares is expressed or implied.
<b>‘SEBI Board’</b>	‘SEBI Board’ means the Securities and Exchange Board of India.
<b>‘Security’</b>	‘Security’ means such security as may be specified by the SEBI Board.

- (II) The following new Article 16A under the heading ‘DEMATERIALISATION OF SECURITIES’ be inserted after the present Article 16.

<b>‘Dematerialisation of Securities’</b>	<b>“16A.</b> (i) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act, 1996.
<b>‘Options to receive security certificates or hold securities with depository’</b>	(ii) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository. Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.
<b>‘Securities in depositories to be in fungible form’</b>	(iii) All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, and 187C of The Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
<b>‘Rights of depositories and beneficial owners’</b>	(iv) (a) Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. (b) Save as otherwise provided in (a) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it. (c) Every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of

the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.

**'Depository to furnish information'**

- (v) Every depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws of the Company in that behalf.

**'Option to opt out in respect of any security'**

- (vi) Subject to the provisions of Section 8 of the Depositories Act, 1996, if a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly.

The depository shall on receipt of intimation as above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of the intimation from the depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

**'Sections 83 and 108 of The Act not to apply'**

- (viii) Notwithstanding anything to the contrary contained in the Articles :-

(a) Section 83 of The Act shall not apply to the shares held with a depository.

(b) Section 108 of The Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the depository."

- (III) The following new Article 27 be substituted in place of present Article 27.

**'Purchase by the Company of its own Shares'**

- "27.** The Company may purchase its own shares or other specified securities in accordance with the provisions of The Act for the time being in force.

The expression 'specified securities' includes employees stock option or other securities as may be notified by the Central Government from time to time."

- (IV) The following new Articles 46A and 46B be inserted after the present Article 46.

**'Nomination of Shares'**

- "46A.** (i) Every holder of Shares in, or holder of Debentures of the Company may, at any time nominate, in the prescribed manner under Section 109 A of The Act, a person to whom his Shares in, or Debentures of the Company shall vest in the event of his death.
- (ii) Where the Shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner under Section 109 A of The Act, a person to whom all the rights in the Shares or Debentures of the Company shall vest in the event of death of all the joint holders.
- (iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of the Company, where a nomination made in the prescribed manner under Section 109 A of The Act, purports to confer on any person the right to vest the Shares in, or Debentures of the Company, the nominee shall, on the death of the Shareholder or holder of Debentures of the Company or, as the case may be on the death of the joint holders, become entitled to all the rights in the Shares or Debentures of the Company or, as the case may be, all the joint holders, in relation to such Shares in, or



Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under Section 109 A of The Act.

**'Transmission of Shares'**

**"46B.**

(iv) Where the nominee is a minor, it shall be lawful for the holder of the Shares, or holder of Debentures, to make the nomination to appoint, in the prescribed manner under Section 109 A of The Act, any person to become entitled to Shares in, or Debentures of the Company in the event of his death, during the minority."

(i) Any person who becomes a nominee by virtue of the provisions of the Section 109 A of The Act, upon the production of such evidence as may be required by the Board and subject to as hereinafter provided, elect, either :-

a) To be registered himself as holder of the Shares or Debentures, as the case may be:

or

b) To make such transfer of the Share or Debenture, as the case may be, as the deceased Shareholder or Debenture holder, as the case may be, could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased Shareholder or Debenture holder, as the case may be had transferred the Shares or Debentures, as the case may be, before his death.

(iii) If the person being a nominee, so becoming entitled, elects to be registered as holder of the Shares or Debentures, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder or Debenture holder, as the case may be.

(iv) All the limitations, restrictions and provisions of The Act relating to the right to transfer and the registration of transfers of Shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that Shareholder or Debenture holder, as the case may be.

(v) A person, being a nominee, becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture except that he shall not, before being registered a member in respect of his Share or Debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with."

(V) The following wordings be added at the commencement of the present Article 46 :

"Subject to the provisions of Articles 46A and 46B...."

11. 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 under Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company ("the Board")



to borrow from time to time as it may consider fit, any sum or sums of money not exceeding Rs.75,00,00,000 (Rupees Seventy-five Crores only) on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed 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.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit and proper to give effect to this Resolution."

12. To consider and, if thought fit to pass, the following Resolution, with or without modification(s) as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the creation by the Board of Directors of the Company of such mortgages, charges and/or hypothecations, in addition to the existing mortgages, charges and hypothecations created by the Company in such form and manner as may be agreed to between the Board of Directors and the Trustees for the Debentureholders, Financial Institutions, any Bank(s), Credit Agencies incorporated or constituted in India or abroad, bodies corporate incorporated under any Statute or other secured lenders (hereinafter collectively referred as "Lenders") on all or any of the immovable and movable properties of the Company both present and future of every nature and kind whatsoever and the undertaking of the Company together with power to take over the business or undertaking of the Company in creation, events to secure term loans from Financial Institutions and/or the issue of the fully convertible debentures/partly convertible debentures/non-convertible debentures with or without detachable or non-detachable warrants of the aggregate value not exceeding Rs.25 Crores together with interest thereon and to fix the remuneration of the Trustees for the Debentureholders, costs, charges and expenses and other moneys in terms of the Agreements to be entered into between the Company and the Agents and Trustees for the Debentures.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalise the documents for creating the aforesaid mortgage and/or charges and to do all such acts, things and matters as may be necessary for giving effect to the above resolution."

DATED : 26.8.2000

REGISTERED OFFICE:

Pattani Building  
M.G. Road  
RAJKOT 360 001

By order of the Board  
For SAURASHTRA PAPER &  
BOARD MILLS LTD.

NALIN GANATRA  
Company Secretary

#### NOTES

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under item Nos. 5 to 12 above are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER.
3. The proxy form duly executed and stamped should be deposited at the Registered Office of the Company not later than 48 hours before the time of the meeting.
4. The register of members and Share transfer books of the Company will remain closed from Monday, the 18th September, 2000 to Friday, the 22nd September, 2000 (both days inclusive).
5. Members desiring any information as regards accounts are requested to write to the Company at least seven days in advance of the Annual General Meeting so as to enable the Management to keep the information ready.
6. Shareholders are requested to bring their copies of the Annual Report at the Meeting.
7. Members are requested to immediately intimate any change in their addresses registered with the Company to its Registered Office at 204, Pattani Building, M.G.Road, Rajkot.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****ITEM NOS. 5 & 6 :**

The Company intends to enhance its manufacturing capacity with further modernisation and expansion of its plants with eco-friendly state-of-the-art Oxygen Bleaching Paper Recycling Technology. Further Company intends to repay its existing high cost debt by infusing new equity capital. The Board of Directors have pleasure to inform that they have negotiated with one OCB to subscribe upto 16,77,100 equity shares of Rs.10/- each at a premium of Rs.80/- per share for Company's proposed Expansion & Debt Repayment Programme. The entire 16,77,100 equity shares are being proposed to offer to the following OCB :

<b>Name</b>	<b>No. of shares being offered</b>
A. Smith & Associates Inc. P.O. Box No. 52168 DUBAI (U.A.E.)	16,77,100

Mr. DS Mehta, Managing Director of the Company is a Director on the Board of A. Smith & Associates Inc. However, he is not having any shares in the said Company.

The allotment pursuant to the aforesaid offer will be completed by the 22nd December, 2000.

The Shareholding Pattern of the Company before and after proposed Preferential Offer will be as under :

<b>Particulars</b>	<b>Before Preferential Offer</b>		<b>After Preferential Offer</b>	
	<b>No.of Shares</b>	<b>Percentage</b>	<b>No.of Shares</b>	<b>Percentage</b>
Promoters	18,41,800	55.43%	35,18,900	70.38%
Public	14,81,100	44.57%	14,81,100	29.62%
Total	33,22,900	100.00%	50,00,000	100.00%

The offer price of Rs.90/- per share for preferential allotment is well above the price of Rs. 12 calculated as per formula of SEBI Guidelines for preferential allotment of shares.

The Company is also considering other options for raising balance cost of project by issuing of appropriate instruments at appropriate times to such persons and in such manner as stated in the Resolution No.6. The Resolution set out at Item No.6 is an enabling Resolution, conferring authority to the Board to cover all present and future contingencies and corporate requirements.

Section 81 of the Companies Act, 1956 provides, *inter alia*, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders in the General Meeting decide otherwise.

The Listing Agreements with the Stock Exchange provide, *inter alia*, that the Company in the first instance should offer all the shares to be issued for subscription *pro-rata* to the equity shareholders unless the shareholders decide otherwise in a general meeting.

Accordingly, consent of the Shareholders is being sought pursuant to the provisions of Sections 80, 81, 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the various Stock Exchanges in India where the company's Securities are listed.

The Directors recommend the resolution for approval of the shareholders.

All the Directors of the Company may be deemed to be concerned or interested to the extent that they may be entitled to the Securities that may be offered to them on rights basis or otherwise and applied for and allotted to them.

**ITEM NO. 7 to 9**

The Board of Directors of the Company at their meeting held on 1st March, 1999 and the meeting held on 29th July, 2000 decided to reappoint Shri Deepak S. Mehta, Managing Director of the Company, Shri S. K. Mehta as Chairman of the Company and Shri Pramod I. Shah as Director (Technical) of the Company for a further period of 5 years on the same terms and conditions as approved by Shareholders of the Company at their meeting held on 26th September, 1995. The said terms and conditions are as under :