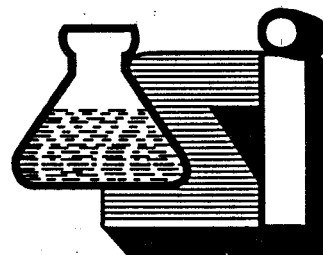


16th ANNUAL REPORT 2004-2005

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SHREYAS INTERMEDIATES LTD

122-125, Solaries II, Saki-Vihar Road, Powai, Andheri (E), Mumbai- 400 072. (India)

16TH ANNUAL REPORT 2004 - 2005**BOARD OF DIRECTORS**

Shri Dinesh Sharma	Chairman
Shri Bramhanand Dabbas	Director
Shri N.M.S. Sayyad	Wholetime Director
Prof. (Smt.) Neelam Arora	Director

REGISTERED OFFICE

122-125 Solaris II, Opp L & T Gate no. 6,
Sakivihar Road, Powai, Andheri (E),
Mumbai - 400 072.

STATUTORY AUDITORS

Sayed Khan & Associates
Chartered Accountants

BANKERS

Bank of Baroda
State Bank of India

FACTORY

D-21, D-22, D-23, M.I.D.C.,
Lote Parshuram, Taluka Khed,
Dist. - Ratnagiri,
Maharashtra

REGISTRARS & SHARE TRANSFER AGENTS

M/s. System Support Services
209, Shivai Indl. Estate,
Near Parke Davis,
Andheri Kurla Road,
Sakinaka, Mumbai - 400 072.

16th ANNUAL GENERAL MEETING

Date : 17th March, 2006
Day : Friday
Time : 11.30 a.m.
Place : 122-125, Solaris-II, Opp. L & T Gate
No. 6, Sakivihar Road, Powai
Andheri (E), Mumbai - 400 072.

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SHREYAS INTERMEDIATES LTD.**NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of Shreyas Intermediates Limited will be held at 11.30 A.M. on Friday, 17th March, 2006 at the registered office of the Company at 122-125, 1st Floor, 'Solaris - II', Opp. L&T Gate No. 6, Saki-Vihar Road, Powai, Andheri (East), Mumbai 400 072, to transact the following business :

A) ORDINARY BUSINESS :

- 1) To receive and adopt the Directors' Report and the audited Balance Sheet as at 30th September 2005 and the audited Profit and Loss Account for the year ended on that date.
- 2) To appoint a Director in place of Mr. B.N.Dabas who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint the Statutory Auditors and to fix their remuneration.

B) SPECIAL BUSINESS :

To consider and if thought fit, to pass, with or without modification, the following resolutions as :

4) AN ORDINARY RESOLUTION :

"RESOLVED that pursuant to Section 94(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be increased from Rs.16,25,00,000/- to Rs.35,00,00,000/- which shall be divided into 2,00,00,000 Equity Shares of Rs.10/- each and 150,00,000 Redeemable Preference Shares of Rs.10/- each.

RESOLVED FURTHER that Clause V of the Memorandum of Association of the Company be altered by substituting the following in place of the existing Clause V :

V. The Authorised Share Capital of the Company is Rs.35,00,00,000/- (Rupees Thirty Five Crores) divided into 2,00,00,000 Equity Shares of Rs.10/- each and 1,50,00,000 Redeemable Preference Shares of Rs.10/- each, with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

5) A SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such conditions and modifications as may be considered by the Board of Directors (hereinafter referred to as 'the Board' which term shall mean and include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to issue in one or more tranches, to the Promoter Group, on preferential allotment basis, 1,20,00,000 - 10% Cumulative Redeemable Preference Shares of Rs.10/- each, at par, for cash, as may be thought fit up to an amount not exceeding Rs.12,00,00,000/- at such time or times and in such manner as the Board in its absolute discretion deems fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Redeemable Preference Shares as may be required in pursuance of the above issue and that the said Preference Shares so allotted shall rank pari passu with the existing Shares of the Company.

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RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for removal of any difficulty or doubt, the Board be and is hereby authorized to decide the other terms and conditions of the issue and to modify such terms and conditions and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper in connection with the issue."

6) A SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the company with the Stock Exchanges where the shares of the Company are listed and in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI), Foreign Exchange Management Act, 1999 (FEMA) and clarifications thereon issued from time to time and subject to the approval of Reserve Bank of India (RBI) and other concerned authorities, if any, and all such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications 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 referred to as 'the Board' which term shall be deemed to include any duly authorized committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, issue/offer and allot 25,50,000 (Twenty Five Lakhs Fifty Thousand) Warrants with the option to the warrant holders to acquire, for every warrant, one fully paid up equity share of Rs.10/- each at a price of Rs.35/- per Warrant including a premium of Rs.25/- per Warrant on Preferential Basis to the Promoter Group (15,00,000 Warrants to the Strategic Investors (10,00,000 Warrants) and to the "Shreyas Intermediates Limited Employees Trust" under the Employees Stock Option Plan Scheme (50,000 Warrants), in compliance with all the applicable Laws and in the manner as may be decided by the Board in this behalf and such preferential allotment will be made to the proposed allottees on such terms and conditions and in such manner as the Board may deem fit in this behalf and as given below :

- (1) One new Equity Share of the Company of the Face value of Rs.10/- each at a price of Rs.35/- per share including premium of Rs.25/- in lieu of one warrant shall be issued at a price calculated in accordance with the existing SEBI (Disclosure and Investor Protection) Guidelines, 2000;
- (2) The 'Relevant Date' for the Preferential issue as per the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended up to date for the determination of applicable price for Equity Shares in lieu of the issue of the above mentioned warrants is 15th February, 2006 which is 30 days prior to the date of the 16th Annual General Meeting General Meeting i.e.17th March, 2006;
- (3) The amount of Rs.89,25,000/- being 10% of the total warrant amount payable along with the application will be kept by the Company as a deposit to be adjusted and appropriated against the price of the Equity Shares payable by the warrant holder at the time of exercising the option;
- (4) The option to acquire equity shares may be exercised by the warrant holders at any time before the expiry of 18 months from the date of allotment of warrants;
- (5) In the event the warrant holder does not exercise the option given under the warrants within 18 months from the date of allotment of warrants, the warrants shall lapse and the amount of deposit shall stand forfeited by the Company;

SHREYAS INTERMEDIATES LTD.

- (6) The Equity Shares to be allotted on exercise of option by the warrant holders shall be in dematerialized form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- (7) The warrants shall be subject to a lock-in-period of one year from the date of allotment pursuant to the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended up to date and would continue to be locked in till the exercise of option for conversion / exchange by the warrant holders for Equity Shares;
- (8) The Equity Shares to be issued and allotted by the Company as a consequence of the conversion / exchange of the warrants in the manner aforesaid shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing equity shares of the Company;
- (9) The issue of the warrants as well as equity shares arising from the exercise of the option given under the warrants shall be governed by the guidelines issued by SEBI or any other statutory authority as the case may be or any modification thereof.

RESOLVED FURTHER THAT for the purposes of giving effect to the above resolution, the Board be and is hereby authorized to do and perform all such acts, deeds and things as it may, in its absolute discretion deem necessary, desirable or appropriate to settle any question difficulty or doubt that may arise in regard to the issue of warrants as it may think fit and to accept on behalf of the Company such conditions and modifications, if any, relating to the issue of warrants which may be imposed, required or suggested by any regulatory authority and which the Board in its discretion thinks fit and proper.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modification(s) to or to modify the terms of issue of the said new warrants subject to the provisions of the Companies Act, 1956 and SEBI Guidelines/Regulations, without being required to seek any further consent or approval of the Company in general meeting.

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

7. AS A SPECIAL RESOLUTION

"RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act'), the Articles of Association of the Company as amended from time to time, such approvals, consents and permissions of the appropriate authorities as may be required and subject further to such conditions and modifications as may be prescribed in granting such approvals, consents and permissions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board' which term shall include a Committee thereof), the consent of the Company be and is hereby accorded to the Board to issue, offer for subscription and allot to or for the benefit of such person(s) who may be in the employment of the Company including Indian Working Directors or to any Trust, society or any entity or a combination thereof that may be existing or created for the benefit of such person(s) at any time under a scheme titled "EMPLOYEES STOCK OPTION PLAN" (hereinafter referred to as the "ESOP" or "SCHEME" or "PLAN") to be evolved in this regard and to the employees of associate companies, such number of Equity Shares, debentures, whether convertible or non-convertible or partly convertible, secured or unsecured, with or without detachable warrants or any combination thereof of such description (hereinafter referred to as "Securities") as may be

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permissible under the Articles of Association, in one or more tranches and in such numbers so that the total number of Equity shares issued or which may result from the allotment Equity Shares or upon exercise of option to acquire or conversion of any one or more of the aforesaid securities at any time and from time to time, to such person(s), does not in the aggregate, exceed at any time, five percent of the issued and subscribed Equity Share Capital of the Company, at the relevant time(s) and on such terms and conditions including the issue price(s) and premium / premia as may be determined by the Board in accordance the applicable Guidelines issued by the Securities and Exchange Board of India (hereinafter referred to as "SEBI") from time to time; PROVIDED, however that 50,000 Warrants of Rs. 10/- each, each Warrant convertible into ONE Equity Share of Rs. 10/- each within a period of 18 months from the date of their allotment, shall in the first instance, be issued and reserved for subscription under ESOP as aforementioned, at such price either at par or at such premium as the Board may decide, in the best interests of the Company and its employees.

RESOLVED FURTHER THAT ESOP as described earlier be executed through a Welfare Trust and that the Trust be allotted securities, in one or more tranches, on behalf of the employees of the Company under ESOP and the employees of associate companies under the preferential allotment basis.

RESOLVED FURTHER THAT the Company be and is hereby authorized to provide the necessary financial assistance to the Trust from time to time, to enable the Trust to subscribe to the securities so offered under ESOP.

RESOLVED FURTHER THAT the Equity Shares / Warrants or any other instruments held by the Trust would be entitled to bonus and / or rights issue, if any, made by the Company; PROVIDED that the bonus shares and / or rights shares offered in relation to securities offered under ESOP shall also be not transferable and would be liable to be forfeited if the conditions prescribed by the Company which needs to be fulfilled by the employee prior to his being eligible to exercise his right are not fulfilled and the original allotment of securities is liable to forfeiture.

RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid, shall be entitled for dividend on pro-rata basis from the respective date(s) of allotment and the amount paid-up on the new Equity Shares and shall rank pari passu in all respects with the then existing Equity Shares of the Company with authority to the Board to amend, alter or modify the terms and conditions of the issue of securities from time to time with regard to dividend and /or pari passu nature of such securities in accordance with the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to all or any of the foregoing, the Board be and is hereby authorized, inter alia, to evolve, decide upon and bring into effect, the Scheme and make and give effect to any modifications, changes, variations, alterations or revisions in the said Scheme from time to time and / or to suspend, withdraw or revive the Scheme from time to time as may be specified by any Statutory Authority or person or body of persons or as the Board may decide suo moto, in its absolute discretion and to do all acts, deeds, matters and things whatsoever, and to settle any question, doubt or difficulty that may arise with regard to or in relation to the Scheme or with regard to the issue and allotment of any securities under the scheme as it may in its absolute discretion consider necessary, expedient, usual or proper in or about the premises."

SHREYAS INTERMEDIATES LTD.**8. AS A SPECIAL RESOLUTION**

"RESOLVED THAT pursuant to Section 372A and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the "Act") and the requisite permission(s) / consents / approvals of any other appropriate authorities as may be necessary under the provisions of any other law for the time being in force, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board') to make any loan to any body corporate and / or to give any guarantee, or provide any security in connection with a loan made by any other person to, or to any other person by , any body corporate and / or acquire by way of subscription, purchase or otherwise the securities of any other body corporate, incorporated or to be incorporated and formed either in India or any other country (ies) outside India as the Board in its discretion may decide, upto an aggregate amount not exceeding US \$ 500 million in foreign currencies such as US Dollars, Singapore Dollars, Japanese Yen, French Franks, Deutsch Mark, the Euro, etc., or its Rupee equivalent thereof and that the Board of Directors be and is hereby authorized to determine the actual sums to be so granted as loans and/or to furnish guarantees or provide security(ies) in connection with any loans so made and/or to determine the actual sums to be so invested for the acquisition by way of subscription, purchase or otherwise, the securities of any body corporate, either in Rupees or in any equivalent foreign currency or both and to settle all questions and matters arising out of or incidental to the proposed making of the loans and/or investments and to take all steps which the Board of Directors in its absolute discretion considers necessary, proper and expedient for implementing this resolution."

By Order of the Board
for SHREYAS INTERMEDIATES LTD

Mumbai

Date : 15th February, 2006

DINESH SHARMA
CHAIRMAN

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxy form to be effective, must be duly executed and signed and must be lodged at the company's registered office at least 48 hours before the time of the meeting.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company were closed from Tuesday, 31st January, 2006 to Friday, 10th February, 2006 (both days inclusive).
4. All matters in connection with the Shares of the Company may be addressed to the Company's Registrars & Transfer Agents viz. M/s. System Support Services, 209, Shivai Industrial Estate, Near Parke Davis, Andheri - Kurla Road, Andheri (East), Mumbai 400 072. Members are requested to quote their respective folio numbers / D.P / I.D. numbers and also notify the change of address, if any, to the Company's Registrars & Transfer Agents.
5. Shareholders desiring information as regards the accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to keep the information ready.
6. ADDITIONAL INFORMATION AS REQUIRED UNDER CLAUSE 49 F THE LISTING

AGREEMENT :

Mr. B.N.Dabas, aged about 75 years, is an M.Tech. (Chemical), has more than 45 years varied experience in the chemical industry and has been associated with a number of companies for advising them on the technical and management aspects of their businesses. Mr. Dabas is not a Director of any Company and is not a Partner of any Firm.

16TH ANNUAL REPORT 2004 - 2005**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS****Item No 4**

The Ordinary Resolution at serial no. 4 is for increasing the Authorized Capital of the Company from Rs.16.25 Crores to Rs.35 Crores to facilitate the Offer, Issue and allotment of Preference Shares of Rs. 10/- and the Offer, Issue and allotment of Warrants of Rs. 10/- each, each Warrant convertible into ONE Equity Share of Rs. 10/- each, to the Promoter Group, to Strategic Investor Group and to the 'Shreyas Intermediates Limited Employees Welfare Trust, by alteration of the Capital Clause V of the Memorandum of Association. Each Class of Shares would be issued ranking pari passu with the existing Shares of that Class, in all respects. Hence the proposed resolution.

The Directors may be deemed to be concerned or interested in the said resolutions to the extent of the shares held by them and / or by their relatives being Directors / shareholders of the investor Companies forming part of the Promoter Group, in the Company including their intent to subscribe to the proposed offer, issue and allotment of the said Warrants as per the aforesaid resolution.

Item No. 5

The Company is in the process of expanding its manufacturing facilities by more than 100% at a total cost of about Rs.51 crores, at its factories at Lote Parshuram, in Taluka Khed, Dist. Ratnagiri and has sought additional financial facilities from its bankers, up to Rs.35 Crores for the said purpose 'the Company is utilizing a sum of Rs. 5 Crores generated from its internal accruals for the project. The Company has already taken on lease from MIDC, the adjacent plots of land and would commence the project related work shortly. In order to augment the Promoters' contribution required for the project, the Promoters have decided to bring in the additional finance of about Rs.12 Crores by way of 10% 1,20,00,000 Redeemable Cumulative Preference Shares of Rs.10/- each, at par, for cash, redeemable at par, within seven (7) years from the date of allotment.

The Special Resolution is to enable the Company to issue new shares and to utilize the proceeds thereof for augmenting its term loans and working capital requirements. Section 81 (1A) of the Companies Act, 1956, provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holders of the Shares of the Company in proportion to the capital paid-up on the date, unless the Shareholders in General meeting decide otherwise. The consent of the Shareholders is, therefore, sought to authorize the Board of Directors to issue in one or more tranches, the Preference Shares referred to therein to the constituents in the Promoter Group, on preferential allotment basis up to an amount not exceeding Rs.12,00,00,000/-. Since the Preference Share proposed to be issued are not convertible into Equity Shares, the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as amended up to date, are not applicable to this issue of Preference Shares.

The Directors may be deemed to be concerned or interested in the said resolutions to the extent of the shares held by them and / or by their relatives being Directors / shareholders of the investor Companies forming part of the Promoter Group, in the Company including their intent to subscribe to the proposed offer, issue and allotment of the said preference shares, as per the aforesaid resolution.

Item No 6

The Special Resolution is to enable the Company to issue new shares and to utilise the proceeds thereof for augmenting its term loans and working capital requirements. Section 81 (1A) of the Companies Act, 1956, provides, inter alia, that whenever it is proposed to increase the subscribed

SHREYAS INTERMEDIATES LTD.

capital of a Company by allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holders of the Shares of the Company in proportion to the capital paid-up on the date, unless the Shareholders in General meeting decide otherwise.

Looking into the requirement for long term financial resources and working capital needs for smooth business activities, your Board of Directors proposes to raise the capital by way of issuance of 25,50,000 Warrants of Rs.10/- each at a price of Rs.35/- per warrant including a premium of Rs.25/- per Warrant on Preferential Basis to the Promoter Group (15,00,000 Warrants), to the Strategic Investor Group comprising two Indian Companies and four Indian Nationals, all of them resident in Indian and having Indian Income Tax Permanent Account Numbers issued by the Income Tax Department, Government of India, (10,00,000 Warrants) and to the 'Shreyas Intermediates Limited Employees Welfare Trust' (SILEWT) under the Employees Stock Option Plan Scheme (50,000 Warrants) in compliance with all the applicable Laws and in the manner as may be decided by the Board. The price of the Warrants as per the said guidelines comes to Rs. 30.72 per Warrant; however all the proposed allottees have given their written consent to subscribe to the Warrants proposed to be taken up by each of them, respectively, at the price of Rs. 35/- per Warrant.

The Preferential offer is made to the Promoter Group, to the Strategic Investor Group and to the SILEWT. The Equity Share Holding Pattern Before (as on 31st January, 2006) and After the Issue:

	Existing Shareholding Pattern		* Subsequent to proposed preferential warrant issue	
	No. of Equity Shares held	% of Existing Capital	*No. of Equity Shares held	* % of Existing Capital
Indian Promoters - Individuals	65,22,600	40.50	65,22,600	34.97
Indian Promoters -Indian Companies				
1. Cyan Formulators Pvt. Ltd.	25,98,200	16.13	32,98,200	17.68
2. Deft Holdings Pvt. Ltd.	25,67,300	15.94	32,67,300	17.52
3. Malvika Herbopharma Pvt. Ltd.	15,700	0.10	1,15,700	0.62
Mutual Funds & UTI	1,79,800	1.12	1,79,800	0.96
Foreign Institutional Investors	Nil	Nil	Nil	Nil
Banks, Fin. Institutions, etc.	3,100	0.02	3,100	0.02
Private Corporate Bodies	16,56,024	10.28	16,56,024	8.87
Indian Public	25,59,876	15.90	25,59,876	13.72
NRIs / OCBs	1,300	0.01	1,300	0.01
Strategic Investor Group :				
1. Advent Advisory Services Pvt. Ltd.	Nil	Nil	2,50,000	1.34
2. Regal Corporate Advisors Pvt. Ltd.	Nil	Nil	2,00,000	1.07
3. Mrs. Nilu Poddar	Nil	Nil	2,00,000	1.07
4. Mr. K.R. Bharat	Nil	Nil	2,00,000	1.07
5.Mr. P.V.S. Raju	Nil	Nil	1,00,000	0.54
6. Mr. V. Ramesh	Nil	Nil	50,000	0.27
Shreyas Intermediates Limited Employees Welfare Trust	Nil	Nil	50,000	0.27
Total	1,61,03,900	100%	1,86,53,900	100%

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*The percentages have been worked out after the conversion of warrants into equity shares had taken place.

The allotment of warrants pursuant to this resolution shall be completed within a period of 15 days of the passing of the resolution or within fifteen days of receipt of in-principle approval from the BSE in terms of Clause 13.4.1 Proviso, of the said SEBI (DIP) Guidelines, 2000, whichever is later, in compliance with SEBI guidelines. A copy of the certificate of M/s. Sayeed Khan & Associates, Chartered Accountants, Mumbai, the Statutory Auditors of the Company certifying that the above said issue is made in accordance with the requirements contained in SEBI (Disclosure and Investor Protection) guidelines and other regulations on preferential issue is being laid before the shareholders at the meeting. The Directors may be deemed to be concerned or interested in the said resolutions to the extent of the shares held by them in the Company as well as to the proposed offer, issue and allotment of securities to them pursuant to the aforesaid resolution.

Item No.7

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the Subscribed Capital of the Company by issue and allotment of further securities, such further securities shall be offered to the existing shareholders of the Company in the first instance, in the manner laid down in the said Section unless the Shareholders in General Meeting decide otherwise.

In the present competitive environment in the country and in the long-term interests of the Company and its shareholders, it is necessary that the Company adopt measures for attracting and retaining qualified, talented and competent personnel. Stock Option Schemes, designed to foster a sense of ownership and belonging amongst personnel, are a well-accepted approach towards this end. It is therefore appropriate to consider introducing a Stock Option Scheme for the permanent employees of the Company. The Shares / Securities may be allotted directly to the employees or allocated in accordance with a Stock Option Scheme framed in that behalf, in accordance with Section 79A and the Regulations for Sweat Equity prescribed in this regard.

Item No. 8

Section 372A of the Companies Act, 1956, provides, inter alia, that where a company proposes to make loans, furnish guarantees, provide security for any loan made and/or acquire by purchase, subscription or otherwise securities of any other body corporate, in excess of 60% of its paid-up Share Capital and free reserves or 100% of its free reserves whichever is more, such loans / investments shall not be made unless previously authorized by a special resolution in a general meeting. The Company is exploring various avenues for investment of its funds including acquisition / joint venture participation in other areas of activity either singly or jointly with others and it was thought fit to seek your approval to facilitate the objectives of this resolution. The Board would ensure that all sufficient safeguards are taken while advancing loans or deposits or making investments so as to protect the interests of the Company and its Shareholders. Your Directors propose a limit of US \$ 500 million or its equivalent in Rupees or in other foreign currencies for making such loans and investments.

**By Order of the Board
for SHREYAS INTERMEDIATES LTD**

**DINESH SHARMA
CHAIRMAN**

Mumbai
Date : 15th February, 2006