

**SARA ELGI**

**SUPER**

**44<sup>TH</sup> ANNUAL REPORT  
2005 - 06**

**Super Spinning Mills Limited**



## Super Spinning Mills Limited

**Chairman**

**Managing Director**

**Executive Director**

**Board of Directors**

**Mr L G Ramamurthi**

**Mr Sumanth Ramamurthi**

**Mr K R Seethapathy**

**Mr S Jeyaraman**

**Mr C S K Prabhu**

**Mr C R Ramamurthy**

**Mr D Sarath Chandran**

**Mr Sudarsan Varadaraj**

**Mr Vidyaprakash D**

**Mr B Vijayakumar**

**Mr Vijay Venkataswamy**

**Company Secretary**

**Mr C Soundara Rajan**

**Auditors**

**M/s Reddy, Goud & Janardhan**

**Bankers**

**Union Bank of India**

**State Bank of India**

**Citibank N A**

**The Bank of Nova Scotia**

**Andhra Bank**

**IDBI Bank**

**ICICI Bank**

**Standard Chartered Bank**

**Registered and Corporate Office**

**"ELGI TOWERS"**

**P B 7113, 737-D, Green Fields**

**Puliakulam Road**

**Coimbatore - 641 045**

**Tamilnadu**

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**E-mail : super@ssh.saraelgi.com**

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**Mills**

**A & O.E Unit : Kirikera, Andhra Pradesh**

**B Unit : Kotnur, Andhra Pradesh**

**C Unit : D-Gudalur, Tamilnadu**

**Garment Units: Neelambur, New Tirupur,  
Thekkalur and Cheran  
Maanagar, Tamilnadu**

**T F O Unit : Urumandampalayam,  
Tamilnadu**

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## Notice to the Members

Notice is hereby given that the 44<sup>th</sup> Annual General Meeting will be held on **Friday, the 7<sup>th</sup> July, 2006** at **4.00 PM** at Ardra Convention Centre, "Kaanchan", No.9, North Huzur Road, Coimbatore - 641 018, to transact the following business :

### Ordinary Business

1. To receive, consider and adopt the following :
  - (a) The audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2006;
  - (b) The audited Balance Sheet as at 31<sup>st</sup> March, 2006; and
  - (c) The reports of the Directors and the Auditors.
2. To declare a dividend.
3. To appoint a Director in the place of Mr B Vijayakumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr D Sarath Chandran, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr C S K Prabhu, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

### Special Business

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

**Resolved** that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions read with Schedule XIII of the Companies Act, 1956, Mr L G Ramamurthi be and is hereby appointed as Executive Chairman of the Company for a period of five years with effect from 1.4.2006 and he be paid the following remuneration.

- I. **Salary** : Rs.2,50,000/- per month in the scale of Rs. 2,50,000 - 25,000
- II. **Commission** : 2% of the Net profit of the Company subject to the overall ceiling laid down in Sections 198 and 309 of the Companies Act, 1956.

III. **Perquisites** : In addition to the Salary and Commission, Perquisites shall be allowed as detailed below:

1. **Housing** : Unfurnished residential accommodation will be provided. In its absence, 50% of the salary will be paid as house rent allowance.
2. Following perquisites shall be allowed subject to the maximum of 50% of the salary.
  - (a) **Medical** : Reimbursement of medical expenses actually incurred for self and his family.
  - (b) **L T C** : Leave Travel Concession for self and his family.
  - (c) **Gas, Water etc** : Reimbursement of expenditure incurred on gas, electricity, water and furnishing.
  - (d) **Club Fee** : Club Fees for self.
  - (e) **Insurance** : Life, health and personal accident insurance cover for self.

In any year, if the Perquisites specified in Part III, Sub clause (2) above, are not availed in full, the unutilized portion of the limit shall be carried over for a period of three years.

3. He shall also be eligible to the following benefits which shall not be included in the computation of the ceiling on the remuneration.
    - (a) **P F / S A F** : Contribution to Provident Fund and/or Super Annuation Fund and/or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
    - (b) **Gratuity** : Gratuity payable at the rate not exceeding half a month's salary for each year of completed service or at the rate as may be modified from time to time as per the Payment of Gratuity Act, 1972.
  4. Free use of Company Car and Telephone at his residence.
- Resolved Further** that in the event of no profits or inadequacy of profits, the remuneration



payable to Mr L G Ramamurthi, Executive Chairman, shall not exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be notified by the Government from time to time as minimum remuneration.

**Resolved Further** that the terms and conditions set out for appointment may be altered and varied from time to time by the Board as it may, at its discretion, deem fit so as not to exceed the limits of remuneration specified in Schedule XIII of the Companies Act, 1956 or any other amendments made thereunder in this regard.

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

**Resolved** that pursuant to the provisions of Clause (d) of Sub-section (1) of Section 293 and other applicable provisions, if any, of the Companies Act, 1956 and in supersession of the resolution passed at the 39<sup>th</sup> Annual General Meeting of the company held on 25<sup>th</sup> July, 2001, consent of the company be and is hereby accorded to the Board of Directors to borrow from time to time, if considered fit, any sum or sums of money not exceeding the sum of Rs.300 crores (Rupees three hundred crores only) upon such terms and conditions as they may deem fit, notwithstanding that the money 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 share capital of the company and its free reserves, that is to say, Reserves not set apart for any specific purpose.

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

**Resolved** that pursuant to the provisions of Clause (a) of Sub-section (1) of Section 293 and other applicable provisions, if any, of the Companies Act, 1956 and in supersession of the resolution passed at the 39<sup>th</sup> Annual General Meeting of the company held on 25<sup>th</sup> July, 2001, consent of the company be and is hereby accorded to the Board of Directors of the company to mortgage and/or charge all or any of the movable or immovable properties of the

company, wheresoever situate, both present and future or the whole or substantially the whole of the undertaking or undertakings of the company in favour of any financial institutions, banks and others for securing the credit facilities sanctioned / to be sanctioned by them to the company, provided however that the aggregate amount of credit facilities which may be secured hereunder and outstanding at any time shall not exceed the sum of Rs. 300 crores (Rupees three hundred crores only).

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

**Resolved** that pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the company be increased from Rs.5,50,00,000/- (Rupees Five crores and fifty lacs only) to Rs. 10,00,00,000 (Rupees ten crores only) by creation of 45,00,000 equity shares of Rs.10/- each ranking pari passu with the existing equity shares of the company.

**Resolved Further** that pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956 the Memorandum of Association of the company be altered by amending the existing Clause V with the following:

"For the words

Rs. 5,50,00,000 (Rupees Five crores and fifty lacs only) divided into 55,00,000 equity shares of Rs.10/- each

with the following

Rs.10,00,00,000 (Rupees ten crores only) divided into 1,00,00,000 equity shares of Rs.10/- each"

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

**Resolved** that pursuant to Sections 94, 95 and other applicable provisions, if any, of the Companies Act, 1956, and Articles of Association of the company and the provisions of the Listing Agreement with stock exchanges, Securities and Exchange Board of India, Reserve Bank of India and other Regulations and subject to such conditions or impositions that may be laid on the





company by the said authorities, the consent of the company be and is hereby accorded to the subdivision of the Authorized Share Capital of the company comprising of 1,00,00,000 equity shares of Rs. 10/- each in the Share Capital of the company into 10,00,00,000 equity shares of Re. 1/- each.

**Resolved Further** that pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the company be altered by amending the existing Clause V with the following:

"For the words

Rs. 10,00,00,000 (Rupees ten crores only) divided into 1,00,00,000 equity shares of Rs.10/- each

with the following

Rs.10,00,00,000 crores (Rupees ten crores only) divided into 10,00,00,000 equity shares of Re.1/- each"

**Resolved Further** that the nominal value of equity shares wherever it appears in any document(s) of the company be replaced by Re.1/- (Rupee one) in the place of Rs.10/- (Rupees ten).

**Resolved Further** that the Board of Directors of the Company (which shall include a duly constituted and authorized committee of the Board for this purpose), be and is hereby authorized to do all acts and deeds as may be required to be done in connection therewith and incidental thereto.

**12. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution.**

**Resolved** that pursuant to the provisions of Sec. 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 read with the Memorandum and Articles of Association of the Company and the Listing Agreements and subject to necessary approvals of the Government of India, Securities and Exchange Board of India (SEBI), Foreign Investment Promotion Board (FIPB), Reserve Bank of India (RBI) and all other concerned Statutory and other Authorities and to the extent necessary such other approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors

of the Company (hereinafter referred to as the "Board", which shall include a duly constituted and authorized committee of the Board for this purpose), consent of the company be and is hereby accorded to the Board and the Board be and is hereby authorised to create, offer, issue and allot equity shares of the face value of Re. 1/- each, of an aggregate number (which taken either in combination with the proposed offering of securities vide resolution under Item No. 13 herein below or exclusively) not exceeding 2,00,00,000 equity shares of Re. 1/- each out of the Authorized Share Capital of the company to Qualified Institutional Buyers in the manner and on the terms and conditions as the Board may in its absolute discretion decide and the shares be issued at the price and in accordance with the Guidelines for Qualified Institutions Placement contained in Chapter XIII A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

**Resolved Further** that the relevant date on the basis of which price of the resultant shares as specified under clause 13A.3.2.2 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 be calculated shall be 6th June 2006.

**Resolved Further** that

1. All the monies received out of the issue of shares to the Qualified Institutional Buyers (QIBs) shall be transferred to a separate bank account other than the bank account referred to in Sub-section (3) of Section 73 of the Companies Act, 1956.
2. Details of all monies utilised out of the issue referred to in sub item 1 above shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the purpose for which such monies had been utilized; and
3. Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item 1 above shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the form in which such unutilized monies have been invested.

**Resolved Further** that the Board be and is hereby authorized to take such action, give such directions, as may be necessary or desirable to give effect to



this resolution and to do all such acts, matters, deeds and things, including but not limited to the allotment of shares against the valid applications received in the Qualified Institutional Placement (QIP), as are in the best interests of the company.

**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 decide and approve the terms and conditions of the issue of the above equity shares and shall be entitled to vary, modify or alter any of the terms and conditions, including the size of the issue, as it may consider expedient and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper, desirable and to settle any question, difficulty or doubt that may arise in regard to the above offer, issue and allotment and utilization of the proceeds of the issue and further to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents, agreements and writings as may be necessary, desirable or expedient to give effect to the above resolution and to negotiate terms, appoint advisors, manager, Merchant Banker, intermediaries, legal experts, consultants and to pay any fees, commission, remuneration, incur expenses and take such further steps as required for the allotment and listing of the aforesaid equity shares and to make such modifications without being required to seek further consents or approval of the members and that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**13. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution.**

**Resolved** that pursuant to Section 81 and other applicable provisions if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force) listing agreements and subject to all necessary approval, consents, permissions and/or sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Financial Institutions and all other appropriate and/or concerned authorities and subject to such conditions and modifications as may be prescribed

by any of them while granting any such approval, consent, permission and/or sanction and agreed by the Board of Directors of the Company (herein referred to as "Board" which term shall include any duly constituted and authorized committee thereof which the Board may constitute for this purpose) which the Board be and is hereby authorized to accept, if it thinks it fit in the interest of the company, the Board be and is hereby authorized to issue, offer and allot from time to time in one or more tranches, by way of public issue, rights issue, preferential allotment or otherwise in the course of the offerings in Indian and/or International Markets, equity shares and/or securities (including debentures or bonds) convertible into equity shares whether fully or partly and whether compulsorily or at the option of the company or the holders thereof and/or Global Depository Receipts (GDR's) / American Depository Receipts (ADR's) representing equity shares or convertible securities and/or security linked to equity shares and/or all or any of the aforesaid with or without detachable or non-detachable warrants as the company may be advised (hereinafter collectively referred to as "the securities") subscribed in Indian and/or foreign currencies by resident or non-resident/foreign investors (whether institutions and/or incorporated bodies and/or individuals and/or trust, and/or otherwise) / foreign institutional investor/mutual funds/pension funds/venture capital funds/banks and such other persons or entities, whether or not such investors are members of the company, to all or any of them jointly or severally for such an amount or amounts (inclusive of such premium) as may be decided by the Board so that the net increase in the equity share capital of the company consequent upon issue and allotment of the securities so issued and allotted and/or consequent upon exercise of all the rights attached to such securities by the holders thereof taken either in combination with the proposed placement to Qualified Institutional Buyers as per Chapter XIII A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and other applicable provisions and/or Guidelines in force (as proposed under Item No.12 herein above) or exclusively shall not exceed 2,00,00,000 equity shares of Re. 1/- each out of the Authorized Share Capital of the company at such time or times and with



such rights, at such price or prices, at such interest or additional interest, at a discount or at the premium and in such form and manner and on such terms and conditions or such modifications thereto, including the number of securities to be issued, rate of interest, redemption period, manner of redemption, amount of premium on redemption / prepayment, number of equity shares to be allotted on conversion / redemption / extinguishment of debt(s), exercise of rights attached to the warrants, the ratio of exchange of shares and/or warrants or any other financial instruments, period of conversion, fixing of record date or book closure and all other related or incidental matters as the Board may in its absolute discretion think fit and decide in consultation with the appropriate authority(ies), Merchant Banker(s) and/or Lead Manager(s) and/or Underwriter(s) and/or Advisor(s) and/or any such person(s), but without requiring to seek further consent or approval of the members and that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**Resolved Further** that the Board be and is hereby authorised to enter into and execute all such agreements and arrangements with any Merchant Banker(s), Lead Manager(s), Co-lead Manager(s), Advisor(s), Underwriter(s), Guarantor(s), Depository(ies), Custodian(s) and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies by way of commission, brokerage, fees or the like, and also to seek the listing of such Securities in one or more Indian/International Stock Exchanges.

**Resolved Further** that the Board and/or an agency or body authorized by the Board may issue Depository Receipt(s) or Certificate(s) representing the underlying securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in Indian and/or International capital markets for the Instruments of this nature and to provide for the tradability or free transferability thereof, as per the Indian/International practices and Regulations and under the norms and practices prevalent in the Indian/International markets.

**Resolved Further** that the Board be and is hereby authorized to issue and allot such number of equity

shares as may be required to be issued and allotted upon conversion of any securities or as may be necessary in accordance with the terms of the offerings, all such equity shares ranking pari passu with the existing equity shares of the company in all respects except provided otherwise under the terms of issue and in the offering document.

**Resolved Further** that subject to existing law and regulations, such of these securities to be issued, as are not subscribed may be disposed off by the Board to such person(s) and in such manner and on such terms as the Board may in its absolute discretion think most beneficial to the company, including offering or placing them with resident or non-resident / foreign investor(s), (whether institutions and/or incorporated bodies and/or individuals and/or trusts and/or otherwise) / foreign institutional investors / mutual funds / pension funds / venture capital funds / banks and/or employees and business associates of the Company or such other person(s) or entity(ies) or otherwise, whether or not such investors are members of the company, as the Board may in its absolute discretion decide.

**Resolved Further** that for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized on behalf of the company to agree to and make accept such conditions, modifications and alterations stipulated by any of the relevant authorities while, according approvals, consents or permissions to the issue as may be considered necessary, proper and expedient and to do all such acts, deeds, matters and things as may in its absolute discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing, depository and custodian arrangements and with power on behalf of the company to settle any questions, difficulties or doubts that may arise in regard to any such issue(s) / offer(s) or allotment(s) or otherwise and utilization of the issue proceeds and/or otherwise to alter or modify the terms of issue, if any, as it may in its absolute discretion deem fit and proper without being required to seek any further consent or approval of the company to the end and intent that the company shall be deemed to have given its approval thereto expressly to the authority of this resolution.



**14. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution.**

**Resolved** that pursuant to Sec. 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 read with the Articles of Association of the Company and Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and subject to all applicable rules, regulations and guidelines, such approvals, permissions, sanctions and consents as may be necessary and required under the applicable laws, rules and regulations and on such terms and conditions (including any alterations, modifications, corrections, changes and variations, if any, that may be stipulated under such approvals, permissions, sanctions, and consents as the case may be) which may be accepted by the Board of Directors of the Company (herein referred to as "Board" which term shall include any duly constituted and authorized committee thereof which the Board may constitute to exercise its powers) and subject to any alterations, modifications, corrections, changes and variations that may be decided by the Board in their discretion, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot from time to time in one or more tranches, 38,50,000 warrants to the Promoters/Promoter group (which expression shall mean and include the Promoters in present management/control of the company, and their friends, relatives, associates and companies controlled by them or in which they are Directors or shareholders and associations controlled by them or in which they are members or office-bearers) attaching a right to convert each warrant into equity share of Re. 1/- each at the price to be determined in accordance with and on the terms and conditions mentioned in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 relating to preferential allotment.

**Resolved Further** that the relevant date on the basis of which price of the resultant shares arising out of the warrants as specified under Chapter

13.1.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 be calculated shall be 6th June, 2006.

**Resolved Further** that the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**Resolved Further** that the warrant holders are entitled to obtain the same rights and privileges applicable to equity shares in the event of the company issuing rights shares or bonus shares to the equity shareholders of the company during the 18 months the warrants are in force, in the same ratio and price as that in which the rights shares or bonus shares are issued by the company and entitlement to dividend which may be kept in abeyance till the conversion of the warrants to equity shares.

**Resolved Further** that the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted in virtue of this resolution on the stock exchanges where the shares of the company are listed as per the provisions of the Listing Agreements with the concerned stock exchanges and other applicable guidelines, rules and regulations.

**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 decide and approve the terms and conditions of the issue and shall be entitled to vary, modify or alter any of the terms and conditions as it may consider expedient (subject to applicable guidelines) and do all acts, deeds, matters and things as may be required to be done in connection with this resolution and incidental thereto without being required to seek further consents or approval of the members and that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

Coimbatore  
2<sup>nd</sup> June, 2006

By Order of the Board  
**L G Ramamurthi**  
Chairman





## **Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956.**

### **Item No. 7**

At the meeting of the Board of Directors of the company held on 2<sup>nd</sup> June, 2006, it was resolved to appoint Mr L G Ramamurthi as the Executive Chairman for a period of five years with effect from 1<sup>st</sup> April, 2006 and also pay him remuneration in accordance with the provisions of the Companies Act, 1956 on the terms and conditions set out in the resolution. As per Section 269 read with Schedule XIII of the Companies Act, 1956, the appointment and remuneration shall be subject to the approval of the shareholders of the company in general meeting. Hence, the resolution is placed for your approval.

None of the Directors, except Mr L G Ramamurthi, Mr Sumanth Ramamurthi and Mr Vidyapraksh D are interested in this resolution.

The terms of the remuneration as set out in the resolution may be regarded as an abstract of the terms of contract and memoranda of interest for the purpose of Section 302 of the Companies Act, 1956.

### **Item No. 8**

As per the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company cannot except with the permission of the shareholders of the company in general meeting borrow monies in excess of the aggregate of the paid up capital of the company and its free reserves. The shareholders of the company at the 39<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> July, 2001 approved, inter alia, borrowings in terms of Section 293 (1) (d) of the Companies Act, 1956 upto Rs.125 crores (Rupees one hundred and twenty five crores only).

The increasing operations of the company and future growth plans necessitate the enhancement of the borrowing powers of the Board of Directors from the present authorized limit of Rs.125 crores to Rs.300 crores (Rupees Three hundred crores only). Therefore, the Board of Directors recommend the passing of the ordinary resolution set out in the Item No.8 of the notice to increase the power to the Board to borrow up to Rs.300 crores.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

### **Item No. 9**

In view of the proposed fresh borrowings for long term fund requirement of the company to cater to the financial requirements of expansion/modernization, it is felt that it may be necessary to pass an enabling resolution to mortgage and/or charge all or any of the movable or immovable properties of the company in favour of any financial institutions, banks and others providing or who may provide the credit facilities to the company for securing the said credit facilities upto a maximum of Rs. 300 crores (Rupees three hundred crores only).

For mortgaging and/or charging the properties/undertaking(s) of the company, consent of the members of the company under Section 293(1) (a) of the Companies Act, 1956, is required. Therefore the Board accordingly commends the resolution for the approval of the members as an ordinary resolution.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

### **Item No. 10**

It is considered desirable that the share capital of your company be enlarged commensurate with the size and operations of your company, including the need to issue further shares to give effect the proposals for the issue of shares to Qualified Institutional Buyers, offering of securities in Indian and/or International markets by way of GDR's/ADR's or other similar securities and Preferential allotment proposed vide the resolution(s) under Item No(s). 12 to 14 of this notice. The Articles of Association of the company and Section 94 of the Companies Act, 1956 permit your company to increase its share capital by ordinary resolution.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

### **Item No. 11**

The Board of Directors at their meeting held on 2<sup>nd</sup> June, 2006, have, subject to the approval of the shareholders, approved the subdivision of the equity shares into smaller value than the present value fixed by the Memorandum of Association of the company. In accordance with the provisions of the Companies



Act, 1956, the subdivision of the shares require the alteration of Clause V of the Memorandum of Association of the company.

The proposed subdivision of the equity shares of Rs.10/- each into equity shares of the smaller denomination of Re. 1/- each as mentioned in the resolution would facilitate easy accessibility to the company's equity shares by the investors and enhance the liquidity of the company's shares on the stock exchanges.

The Articles of Association of the company and Section 94 of the Companies Act, 1956 permit your company to subdivide the share capital and alter the Memorandum of Association for this purpose by ordinary resolution. Hence the resolution is placed for your approval.

The Directors of your company are interested in this resolution to the extent of their respective shareholdings in the company.

#### Item No.12

The company is in the process of expansion and modernization and for this purpose it is considered expedient and desirable to raise additional funds through the best available source(s). The Board of Directors at their meeting held on 2<sup>nd</sup> June, 2006 have after due deliberations resolved that placement of equity shares of the company to Qualified Institutional Buyers through a placement document in accordance with the Guidelines for Qualified Institutions Placement contained in Chapter XIII A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("Guidelines") may be an appropriate mode of raising the additional funds. This placement is expected to enable your company to raise funds possibly at a premium.

As per the Guidelines, a special resolution under Section 81 (1A) of the Companies Act, 1956 is required to be passed in the manner and on the terms and conditions specified therein. Hence the special resolution is placed for your approval.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

#### Item No.13

In order to finance the expansion and modernisation programmes involving substantial capital expenditure and to meet the general corporate purposes, the

company at the appropriate time proposes to raise capital in Indian and/or International Market in one or more tranches by issue of any one or more kinds of shares / securities as detailed in the resolution. The company may make the offering of securities either exclusively under the authority of this resolution or it may offer securities in combination with the placement of equity shares to Qualified Institutional Buyers as per the terms and conditions contained in Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as mentioned in Item No. 12 above. This offering of securities is expected to enable your company to raise funds possibly at a premium.

Consent of the shareholders is proposed to be obtained to authorize the Board of Directors for issuing securities as stated in the resolution which may result in issue of further shares of the company in accordance with the terms and conditions of issue. The detailed terms of issue including the pricing of the issue will be finalized by the Board in consultation with its merchant banker(s), lead manager(s), Advisor(s) and connected persons keeping in view the capital market conditions / practices and the guidelines / regulations, if any, issued by the Securities and Exchange Board of India and/or other authorities.

As per Section 81 of the Companies Act, 1956 the proposed offering of securities requires the company to pass a special resolution. Hence, the Board of Directors recommended the passing of a special resolution as set out in the notice.

None of the Directors of the Company is, in any way, concerned or interested in this resolution as they will not be allotted any shares in virtue of this resolution.

#### Item No.14

The company proposes to issue warrants convertible to equity shares on preferential basis to the Promoters/ Promoter group (which expression shall mean and include the Promoters in present management/control of the company, and their friends, relatives, associates and companies controlled by them or in which they are Directors or shareholders and associations controlled by them or in which they are members or office-bearers). This issue will be in accordance with and subject to the terms and conditions contained in Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 for preferential issues. This preferential issue is to enable the Promoters/