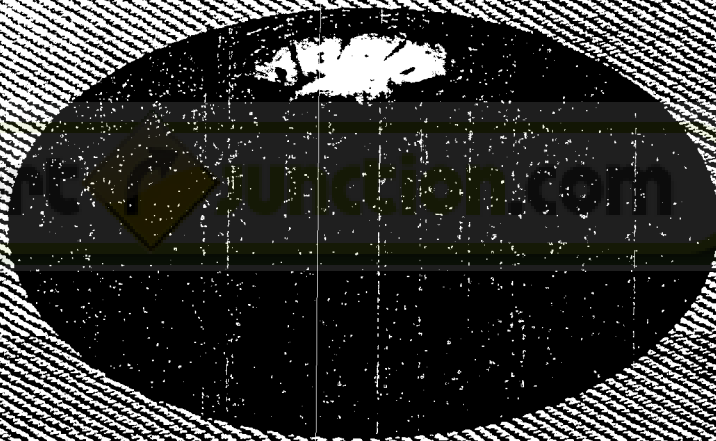
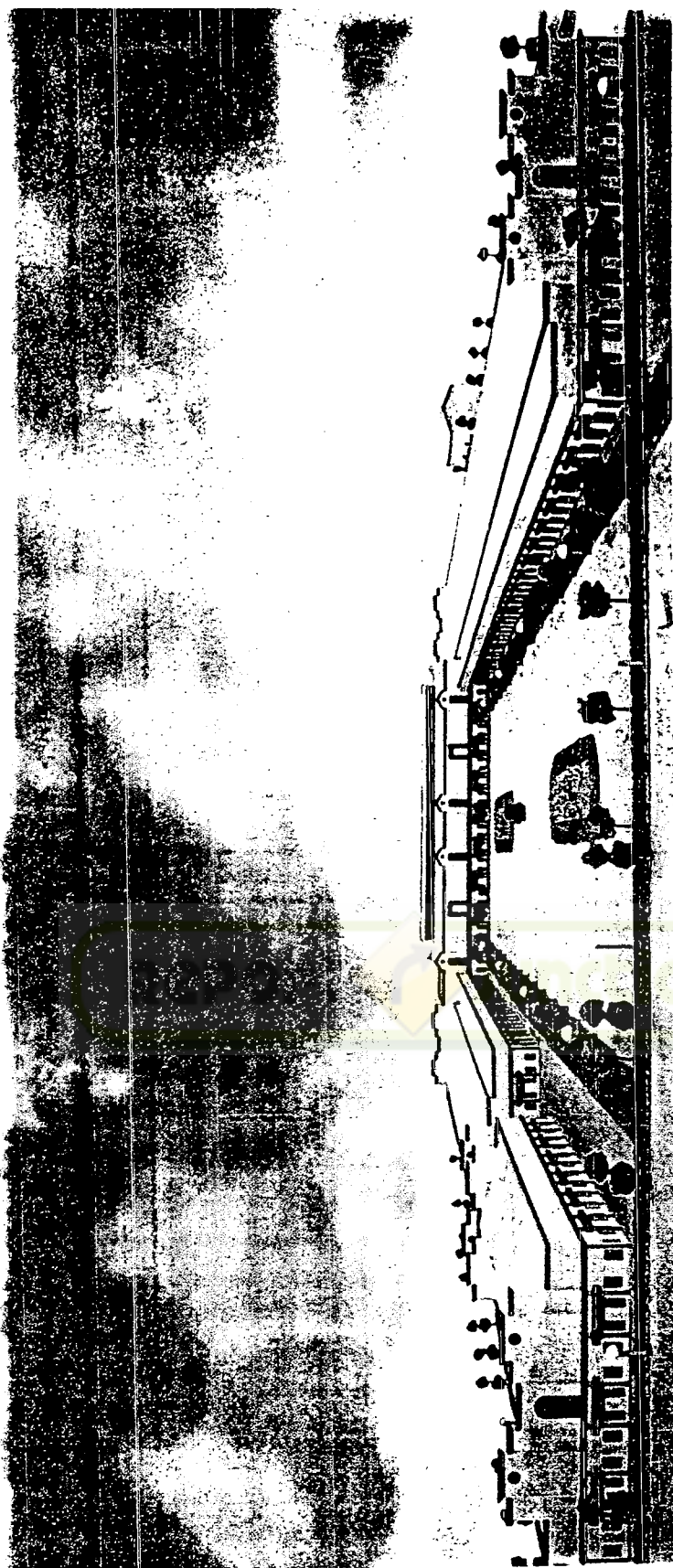


34th Annual Report 1996 - 1997

MD	✓		BKC	✓
CS	✓		DPY	NP
RO	✓		DIV	✓
TRA	NP		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		



SURYALAKSHMI COTTON MILLS LTD.



The Denim Project under implementation at
Ramtek, Maharashtra

Suryalakshmi Cotton Mills Limited



Board of Directors

Sri L.N. Agarwal
Sri U.K. Agarwal
Sri P.K. Agarwal
Sri R. Surender Reddy
Sri C. Narsi Reddy
Sri V. Ramachandra Rao
Dr. A. Nageswara Rao
Sri J. Rameshwar Rao
Sri A.V. Rammurthy
Sri J. Narayana Murty

Chairman and Managing Director
Additional Managing Director
Executive Director

President

Sri S. Sambasiva Rao

Nominee IDBI (upto 24.06.1997)

Nominee IDBI (from 25.06.1997)

Company Secretary

Sri E.V.S.V. Sarma

Auditors

M/s. Brahmayya & Co.
Hyderabad

Bankers

State Bank of India
Industrial Finance Branch
Hyderabad

State Bank of Hyderabad
Commercial Branch
Secunderabad

State Bank of Mysore
Sarojini Devi Road
Secunderabad

Registered Office

6th Floor, Surya Towers
105, Sardar Patel Road
Secunderabad - 500 003

Factories

Pillalamarri Road
Mahabubnagar Dist.
Andhra Pradesh - 509 002

Amanagallu
Mahabubnagar Dist.
Andhra Pradesh - 509 321

Denim Division

Ramtek Mauda Road
Village Nagardhan
Tehsil Ramtek, Nagpur
Maharashtra - 440 010

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Suryalakshmi Cotton Mills Limited

Notice

NOTICE is hereby given that the 34th Annual General Meeting of the Members of Suryalakshmi Cotton Mills Limited will be held on Saturday, the 30th August, 1997 at 2.30 pm. at Surya Towers, I Floor, 105, S.P. Road, Secunderabad - 500 003 to transact the following business:

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March, 1997 and Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on the equity shares of the Company for the year ended 31st March, 1997.
3. To appoint a Director in the place of - Shri R. Surender Reddy who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Shri C. Narsi Reddy who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

Special Business:

6. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

"RESOLVED THAT in supersession of the Resolution passed by the Members in the General Meeting held on July 25, 1994, subject to the provisions of sections 198, 269, 309, 314 and other applicable provisions if any, of the Companies Act, 1956 read with schedule XIII thereof as amended upto date, and the consent of the Term Lenders, the consent of the Company be and is hereby accorded to revision in the remuneration payable to Shri L.N. Agarwal as Chairman and Managing Director for the remaining period of the term of his employment i.e., from 10.05.1997 to 21.06.1999 as under :

- I) SALARY : Rs.90,000/- per month
- II) COMMISSION:

At the rate of 1% of the Net Profits of the Company or 50% of annual salary whichever is lower.

- III) PERQUISITES:

In addition to the salary and commission as stated

above Shri L.N. Agarwal shall be entitled to the following perquisites

CATEGORY - A

- (i) HOUSING:

Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water, etc., or HRA to the extent of 30% of the salary.

- (ii) MEDICAL REIMBURSEMENT:

Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

- (iii) LEAVE TRAVEL CONCESSION:

For self and family once in a year incurred in accordance with the Rules of the Company.

- (iv) CLUB FEES:

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

- (v) PERSONAL ACCIDENT INSURANCE:

Of an amount the premium of which shall not exceed Rs.3,000 - per annum.

CATEGORY-B

- i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
- ii) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

CATEGORY-C

- i) The Company shall provide a car with driver and a telephone at the residence.

Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

"RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any year Shri L.N. Agarwal be paid the above remuneration as minimum remuneration subject to provisions of Part II of Schedule XIII of the Companies Act, 1956."



Suryalakshmi Cotton Mills Limited

7. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

"RESOLVED THAT in supersession of the Resolution passed by the Members in the General Meeting held on July 25, 1994, subject to the provisions of sections 198, 269, 309, 314 and other applicable provisions if any, of the Companies Act, 1956 read with schedule XIII thereof as amended upto date, and consent of the term lenders, the consent of the Company be and is hereby accorded to revision in the remuneration payable to Shri U.K. Agarwal, Additional Managing Director for the remaining period of the term of his employment i.e., from 10.05.1997 to 28.09.1998 as under:

I) SALARY: Rs.60,000/- per month

II) COMMISSION:

At the rate of 1% of the Net Profits of the Company or 50% of annual salary whichever is lower.

III) PERQUISITES:

In addition to the salary and commission as stated above Shri U.K. Agarwal shall be entitled to the following perquisites.

CATEGORY - A

(i) HOUSING:

Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water, etc., or HRA to the extent of 30% of the salary.

ii) MEDICAL REIMBURSEMENT:

Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

iii) LEAVE TRAVEL CONCESSION:

For self and family once in a year incurred in accordance with the Rules of the Company.

iv) CLUB FEES:

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

v) PERSONAL ACCIDENT INSURANCE:

Of an amount the premium of which shall not

exceed Rs.3,000/- per annum.

CATEGORY-B

- i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
- ii) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

CATEGORY-C

- i) The Company shall provide a car with driver and a telephone at the residence.

Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

"RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any year Shri U.K. Agarwal be paid the above remuneration as minimum remuneration subject to provisions of part II of Schedule XIII of the Companies Act, 1956."

8. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION:

"RESOLVED THAT in supersession of the Resolution passed by the Members in the General Meeting held on November 8, 1995 subject to the provisions of sections 198, 269, 309, 314 and other applicable provisions if any, of the Companies Act, 1956 read with schedule XIII thereof as amended upto date and consent of the term lenders, the consent of the Company be and is hereby accorded to revision in the remuneration payable to Shri P.K. Agarwal, Executive Director for the remaining period of his employment i.e., from 10.05.1997 to 22.09.2000 as under:

I) SALARY: Rs.35,000/- per month

II) COMMISSION:

At the rate of 1% of the Net Profits of the Company or 50% of annual salary whichever is lower.

III) PERQUISITES:

In addition to the salary and commission as stated above Shri P. K. Agarwal shall be entitled to the following perquisites.



Suryalakshmi Cotton Mills Limited

CATEGORY - A

(i) HOUSING:

Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water, etc., or HRA to the extent of 30% of the salary.

ii) MEDICAL REIMBURSEMENT:

Expenses incurred for self and his family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

iii) LEAVE TRAVEL CONCESSION:

For self and family once in a year incurred in accordance with the Rules of the Company.

iv) CLUB FEES:

Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

v) PERSONAL ACCIDENT INSURANCE:

Of an amount the premium of which shall not exceed Rs.3,000/- per annum.

CATEGORY-B

i) Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.

ii) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

CATEGORY-C

i) The Company shall provide a car with driver and a telephone at the residence.

Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

"RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any year Shri P.K. Agarwal be paid the above remuneration as minimum remuneration subject to provisions of part II of schedule XIII of the Companies Act, 1956."

9. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS A SPECIAL RESOLUTION.

"RESOLVED THAT in supersession of the Resolution passed by the Members in the General Meeting held on February 6, 1995 the consent and approval of the Company be and is hereby accorded under section 314 and other applicable provisions if any of the Companies Act, 1956 to the appointment of Mr. Ritesh Kumar Agarwal as Chief Executive of the Company with effect from February 21, 1997 with a salary of Rs.19000/- plus other permissible perquisites as per the rules of the Company."

10. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION:

"RESOLVED THAT the consent of the Company be and is hereby accorded to pay sitting fees of Rs.1000/- and incidental expenses of Rs.1000/- to the non-whole time Directors for each Board Meeting attended by them in addition to the reimbursement of actual travel expenditure incurred by them."

"RESOLVED FURTHER THAT the consent of the Company, be and is hereby accorded to pay sitting fees of Rs.1,000/- to the non-whole time Directors for each Committee Meeting attended by them in addition to the reimbursement of actual travel expenditure incurred by them."

11. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S), AS AN ORDINARY RESOLUTION:

"RESOLVED THAT the Company do hereby approve and ratify in terms of section 61 and other applicable provisions if any, of the Companies Act, 1956, the change in the location of the Company's Project to manufacture 10.20 Million metres of Denim fabric from Village Patgowri in Ramtek Taluk, District Nagpur, in the State of Maharashtra to Village Nagardhan in Ramtek Taluk, District Nagpur, in the State of Maharashtra."

12. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION:

"RESOLVED THAT the Company do hereby approve and ratify in terms of section 293 (1)(a) and other applicable provisions if any, of the Companies Act, 1956 the mortgaging and/or charging by the Board of Directors of the Company



Suryalakshmi Cotton Mills Limited

of all the movable and immovable properties of the Company where so ever situate, present and future of the whole of the undertaking of the Company together with power to takeover the management of the business and concern of the Company in certain events to or in favour of Industrial Development Bank of India (IDBI) to secure its Rupee Term Loan of Rs.318 lacs sanctioned under Project Finance Scheme together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other monies, payable by the Company to IDBI under its loan agreement entered into by the Company in respect of the said Term Loan."

Provided that the above mortgage/charge shall rank pari passu with the charges/mortgages created in favour of IDBI to secure its term loan of Rs.202 lacs sanctioned under Project Finance Participation Scheme(PFPS), Term Loan of Rs.150 lacs, Additional Term Loans of Rs.400 lacs, Rs.1103 lacs and Rs.200 lacs, Foreign Currency Loan of DM 1,794,515, Sw.Fr. 1,296,313 and USD 222,500 equivalent in all to Rs.747 lacs, Foreign Currency Loan of USD 6,170,590 CHF 1,338,345 and DM 3,934,262 together equivalent to USD 10,000,000 equivalent in the aggregate to Rs.3165 lacs, and in favour of Industrial Finance Corporation of India Limited (IFCI) to secure its Term Loan of Rs.67 lacs sanctioned under PFPS, Rupee Term Loan of Rs.665 lacs and Foreign Currency Loan of JPY 399.99 Million equivalent to USD 3,924,250 equivalent to Rs.1295 lacs, and in favour of State Bank of India (SBI) to secure its Rupee Term Loan of Rs.338 lacs and Foreign Currency Loan of DM 4,694,443 and in favour of Industrial Credit and Investment Corporation of India Limited(ICICI) to secure its term loan of Rs.67 lacs sanctioned under PFPS and in favour of Industrial Investment Bank of India Limited (IIBI) to secure its term loan of Rs.67 lacs sanctioned under PFPS.

"RESOLVED FURTHER THAT the Company do hereby confirm and ratify the execution of the documents for creation of the aforesaid mortgage/charge".

13. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION:

"RESOLVED THAT the Company do hereby approve and ratify in terms of section 293(1)(a) and other applicable provisions if any, of the Companies Act, 1956 the creation of mortgage and/or charge on all the immovable and movable properties of the Company wheresoever situate present and future and the whole undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events to or in favour of

- i) State Bank of India (SBI) to secure the additional working capital facilities aggregating Rs.440 lacs
- ii) State Bank of Hyderabad (SBH) to secure the additional working capital facilities aggregating Rs.120 lacs
- iii) State Bank of Mysore (SBM) to secure the additional working capital facilities aggregating Rs.240 lacs.

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premium on prepayment, costs, charges, expenses and other monies payable by the Company to State Bank of India/State Bank of Hyderabad/State Bank of Mysore under their respective loan agreements entered into by the Company in respect of the said Working Capital Facilities.

Provided however that the aforesaid mortgage shall rank second and subservient to the Charges created by the Company in favour of Industrial Development Bank of India to secure its term loan sanctioned under Project Finance Participation Scheme (PFPS) of Rs.202 lacs, Term Loan of Rs.150 lacs, Additional Term Loans of Rs.400 lacs, Rs.1103 Lacs, Rs.200 Lacs and Rupee Term Loan of Rs.318 lacs respectively and Foreign Currency Loan of DM 1,794,515, Sw.Fr 1,296,313 and USD 222,500 equivalent in all to Rs.747 lacs, Foreign Currency Loan of USD 6,170,590, CHF 1,338,345 and DM 3,934,262 together equivalent to USD 10,000,000 equivalent in the aggregate to Rs.3165 lacs, and in favour of Industrial Finance Corporation of India Limited (IFCI) to secure its term loan under PFPS of Rs.67 Lacs, Rupee Term Loan of Rs.665 lacs and Foreign Currency Loan of JPY 399.99 million equivalent to USD 3,924,250 equivalent to about Rs.1295 lacs and Industrial Credit and Investment Corporation of India Limited (ICICI) to secure its Term Loan



Suryalakshmi Cotton Mills Limited

under PFPS of Rs.67 lacs and Industrial Investment Bank of India Ltd. (IIBI) to secure its Term Loan under PFPS of Rs.67 lacs and State Bank of India (SBI) to secure its Rupee Term Loan of Rs.338 lakhs and Foreign Currency Loan of DM 4,694,443.

"RESOLVED FURTHER THAT the Company do hereby confirm and ratify the execution of documents for creation of the aforesaid mortgage/charge."

14. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions if any, of the Companies Act, 1956 to create mortgage and/or charge by the Board of Directors of the Company on all the immovable and movable properties of the Company where so ever situate, present and future, and the whole undertaking of the Company together with power to takeover the management of the business and concern of the Company in certain events to or in favour of State Bank of India

(SBI) to secure its ad hoc bank guarantee limit of Rs.5.20 crores under the EPCG-Zero Duty Scheme together with interest there on at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premium on prepayment, costs, charges, expenses and other monies payable by the Company to SBI."

"RESOLVED FURTHER THAT the aforesaid mortgage/charge shall rank pari passu with the mortgages/charges created/to be created on the Company's movable and immovable properties present and future, where so ever situate, in favour of All India Financial Institutions/Banks to secure their Rupee Term Loans/Foreign Currency Loans."

By order of the Board

SECUNDERABAD
DATE : 28.06.1997

E.V.S.V. SARMA
Company Secretary

NOTE:

1. The register of members and share transfer books will be closed from Friday, the 22nd August, 1997 to Saturday, the 30th August, 1997 (both days inclusive) for the purpose of Annual General Meeting and dividend.
2. A member entitled to attend the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
3. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
4. The shareholders desiring any further information as regards the accounts are requested to write to the Company so as to reach it atleast one week prior to the date of the meeting for consideration of the management to deal at the meeting.
5. Notice is hereby given pursuant to Rule 4A of the Companies Unpaid Dividend (transfer to General Revenue Account of the Central Government) Rules, 1978 that the amount of unclaimed/unpaid dividend for the financial year 1993-94 will be transferred to general revenue account of the Central Government during September, 1997 in terms of provisions of section 205 of the Companies Act, 1956.
6. Members are requested to notify immediately any change in their address to the Company.
7. The Members are requested to bring their copy of the annual report with them at the time of attending Annual General Meeting.



Suryalakshmi Cotton Mills Limited

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

ITEM NO.6

Shri L.N. Agarwal, Chairman and Managing Director of the Company was appointed for a period of five years in the Annual General Meeting held on July 25, 1994 on a remuneration of Rs.30,000/- per month plus usual perquisites. In the last 3 years, the Company has made excellent progress with the turnover increasing from Rs.44 Crores in 1993-94 to about Rs. 111 Crores in 1996-97. With the Denim project being implemented by the Company at Ramtek, Nagpur, Maharashtra, his responsibilities have also increased. Further as a period of three years have elapsed since his appointment in June, 1994, the Board of Directors in their meeting held on 10.5.1997 have resolved upon the revision in the remuneration as set out under item No.6.

The Board recommends the resolution for the approval of the members. Shri L.N. Agarwal himself and Shri P.K. Agarwal, Executive Director being relative of Shri L.N. Agarwal may be deemed to be interested in this resolution. No other Director is interested in this Resolution. The above resolution may be treated as an abstract of the terms of variation of the appointment of Shri L.N. Agarwal under section 302 of the Companies Act, 1956.

ITEM NO.7

Shri U.K. Agarwal, Additional Managing Director was appointed w.e.f. June 22, 1994 with a remuneration of Rs.25,000/- per month plus usual perquisites. With the implementation of Denim Project at Ramtek, Nagpur District in the state of Maharashtra and increase of turnover from Rs.44 Crores in 1993-94 to about Rs.111 Crores in 1996-97, the responsibilities shouldered by the Additional Managing Director have increased. Now Shri U.K. Agarwal is also entrusted with the over all responsibility for the implementation of the Company's Denim Project. Since the remuneration presently being paid is very low and as a period of three years have elapsed since his appointment in June, 1994, the Board of Directors in their meeting held on 10.5.1997 have resolved upon the revision in the remuneration as set out in item No.7.

The Board recommends the resolution for the approval of the members. Except Shri U.K. Agarwal no other Director is interested in this resolution. The above resolution may be

treated as an abstract of the terms of variation of the appointment of Shri U.K. Agarwal under section 302 of the Companies Act, 1956.

ITEM NO.8

Shri P. K. Agarwal, Executive Director was appointed for a period of 5 years w.e.f., 23rd September, 1995 on a remuneration of Rs.12,000/- per month plus usual perquisites. Shri P. K. Agarwal is mainly looking after exports, operations of Amanagallu Unit and the implementation of the Denim Project at Ramtek, Nagpur District, in the State of Maharashtra. Under his supervision, the exports of the Company have tremendously grown from Rs.12.00 crores in 1994-95 to Rs.45.85 crores in 1996-97, registering annual average growth rate of about 140%. The operations of Amanagallu have shown significant progress both in terms of production and yields. He is fully involved in the implementation of Denim Project. As the remuneration being paid to him is at low level, the Board of Directors in their meeting held on 10.5.1997 have resolved upon the revision in the remuneration as set out in the Resolution under item No.8.

The Board recommends the resolution for the approval of the members. Shri P.K. Agarwal himself and Shri L.N. Agarwal, Chairman and Managing Director being his relative may be deemed to be concerned or interested in the resolution. None of the other Directors is interested in the resolution. The above resolution may be treated as an abstract of the terms of variation of the appointment of Shri P.K. Agarwal under section 302 of the Companies Act, 1956.

ITEM NO.9

Shri Ritesh Kumar Agarwal was appointed as Commercial Executive of the Company on a salary of Rs.10,000/- per month w.e.f., 6th February, 1995. Presently he is looking after entire operations of Mahabubnagar and sales at Tirupur Branch. Under his supervision, the operations at Mahabubnagar unit have shown significant progress in production and yields. In view of this, the Board of Directors in their meeting held on February 21, 1997 have resolved to revise his remuneration to Rs.19000/- per month plus other permissible perquisites as per the rules of the Company and have also redesignated him as Chief Executive. The Board



Suryalakshmi Cotton Mills Limited

recommends the resolution for the approval of the members.

As Mr. Ritesh Kumar Agarwal is the son of Shri U.K. Agarwal, Additional Managing Director of the Company, his holding an office or place of profit at a monthly remuneration in excess of Rs.10,000/- requires the consent of the Members by a Special Resolution as per section 314 of the Companies Act, 1956. Shri U.K. Agarwal, Additional Managing Director of the Company being the relative of Shri Ritesh Kumar Agarwal is interested in this Resolution.

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

ITEM NO. 10

The Company has been presently paying sitting fees of Rs.250/- and incidental expenses of Rs.500/- apart from the reimbursement of actual travel expenditure incurred by the non-whole time Directors for each Board Meeting attended by them. The Company has not revised the sitting fees for a very long time. Considering the effect of inflation it is proposed to revise the sitting fees to Rs.1000/- and pay Rs.1000/- towards incidental expenses for each meeting attended by a non-whole time Director and also to reimburse the travel expenditure incurred by him. In the case of Committee Meetings the sitting fees is proposed to be revised to Rs.1,000/- per meeting in addition to reimbursement of actual travel expenditure incurred by a non-whole time Director. The revised sitting fees is well within the limits prescribed by the Central Government in this connection.

The Board recommends this resolution for approval of the Members. All the Directors except Shri L.N. Agarwal, Chairman & Managing Director, Shri U.K. Agarwal, Additional Managing Director, Shri P.K. Agarwal, Executive Director, may be deemed to be interested or concerned in this Resolution.

ITEM NO.11

The Company originally proposed to locate its Denim Project in Village Patgowri, in Ramtek Taluk, district Nagpur, in the State of Maharashtra. However, it has come to the notice of the Company that water of proper quality is not available in sufficient quantity at this site, in view of the Dolomite mineral found in the nearby areas. The Company has therefore, located a new site and accordingly

identified a suitable site in village Nagardhan in Ramtek taluk, district Nagpur. The members may be pleased to know that the new location at Nagardhan is more easily accessible and there is no other change in the other parameters relating to the Project like availability of Cotton, proximity to the markets, etc., The Industrial Development Bank of India (IDBI) who have earlier appraised the Project have approved the change in the location and the Company has already made satisfactory progress in the civil works at the new site. The members' approval and ratification of the change in the location is being sought in the above resolution, in view of the provisions of section 61 of the Companies Act, 1956.

The Board recommends the resolution for the members' approval and ratification, as the change in location is in the interest of the Project. No Director is anyway interested or concerned in the resolution.

ITEM NO.12

The Company was sanctioned a Rupee Term Loan of Rs.318 lacs by conversion of a part of a Foreign Currency Loan of Rs.747 lacs for the second phase of modernisation scheme by Industrial Development Bank of India (IDBI). This Rupee Term Loan is to be secured by a first pari passu charge over the immovable and movable properties of the Company, present and future. Section 293(1)(a) of Companies Act, 1956 provides inter alia that the Board of Directors of a Public Company shall not without consent of such Company in general meeting sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Since the mortgage by the Company of its immovable and movable properties as aforesaid in favour of IDBI may be regarded as disposal of the Company's properties/undertaking, it is necessary for the Members to pass a resolution under section 293(1)(a) of the Companies Act, 1956.

In view of the urgency of the matter, the Company has already created the mortgage/charge in favour of IDBI by way of equitable mortgage by deposit of title deeds. The resolution seeks the members' approval and ratification of the mortgage already created by the Company. The Board recommends the resolution for the members' approval and ratification.

None of the Directors of the Company is interested in the Resolution except Shri J. Narayana Murty, who is a Director nominated by IDBI.