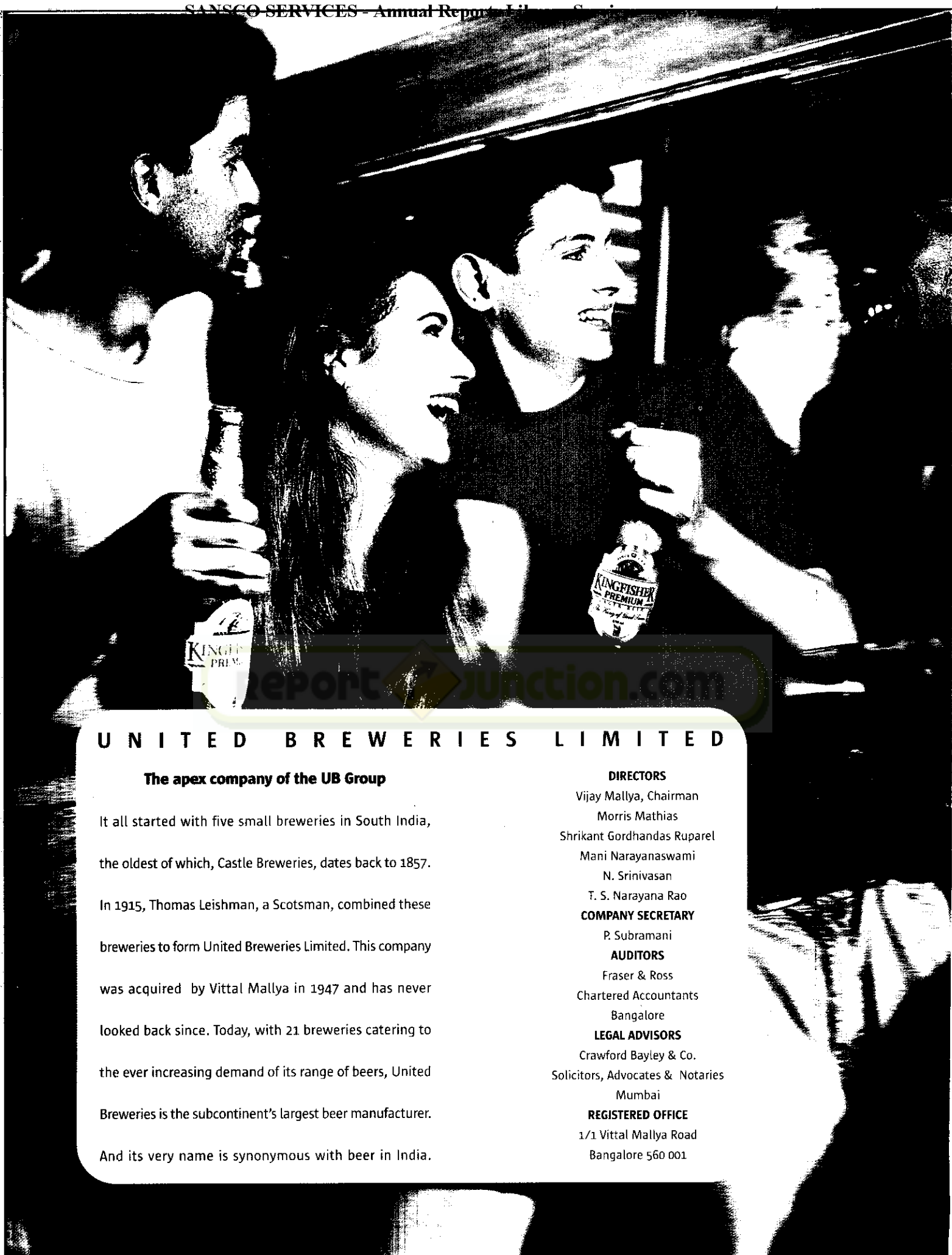




UNITED BREWERIES LIMITED, ANNUAL REPORT 1999 - 2000



UNITED BREWERIES LIMITED

The apex company of the UB Group

It all started with five small breweries in South India, the oldest of which, Castle Breweries, dates back to 1857. In 1915, Thomas Leishman, a Scotsman, combined these breweries to form United Breweries Limited. This company was acquired by Vittal Mallya in 1947 and has never looked back since. Today, with 21 breweries catering to the ever increasing demand of its range of beers, United Breweries is the subcontinent's largest beer manufacturer. And its very name is synonymous with beer in India.

DIRECTORS

Vijay Mallya, Chairman
 Morris Mathias
 Shrikant Gordhandas Ruparel
 Mani Narayanaswami
 N. Srinivasan
 T. S. Narayana Rao

COMPANY SECRETARY

P. Subramani

AUDITORS

Fraser & Ross
 Chartered Accountants
 Bangalore

LEGAL ADVISORS

Crawford Bayley & Co.
 Solicitors, Advocates & Notaries
 Mumbai

REGISTERED OFFICE

1/1 Vittal Mallya Road
 Bangalore 560 001



UNITED BREWERIES LIMITED

Regd. Office: No. 1/1, Vittal Mallya Road
Bangalore - 560 001.

August 23, 2000

Dear Shareholder,

Dematerialisation of Equity Shares of your Company

The Equity Shares of your Company are presently listed with Stock Exchanges at Bangalore, Ahmedabad, Mumbai, Chennai, Hyderabad, Calcutta, New Delhi, Ludhiana and Cochin.

The Equity Shares of the Company have been included in the list for compulsory trading in dematerialised form with effect from June 26, 2000 for Institutional Investors and Overseas Corporate Bodies (OCBs) and with effect from August 28, 2000 for all other class of investors.

Pursuant to the Directives of the Securities and Exchange Board of India the Company has entered into Tripartite Agreement(s) with both the Depositories i.e., National Securities Depository Limited and Central Depository Services (India) Limited. Accordingly the Equity Shares of the Company can be held in electronic form with any Depository Participant (DP) with whom the Members / Investors have their Depository Account. The ISIN Number allotted to the Equity Shares of the Company is **INE 696A 01017.**

Dematerialisation has been in vogue for quite some time and Shareholders would be already familiar with the procedural requirements and the need to open a Demat Account with any recognised Depository Participant (DP). The Shareholders may forward the Share Certificate(s) for dematerialisation through any DP.

In case you require any assistance or clarification in this regard, you are welcome to contact the Secretarial Department at the Registered Office of the Company on Tel No. 2274884-887 or our Registrars and Share Transfer Agents, **ALPHA SYSTEMS PVT. LTD.**, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003, Tel No. 3460815 - 818; Fax No. 080-3460819.

Thanking you,

Yours faithfully,
For United Breweries Limited,
P. Subramani

Corporate Vice President - Legal & Company Secretary.

notice of annual general meeting

NOTICE IS HEREBY GIVEN of the Eighty-Fourth Annual General Meeting of the Members of UNITED BREWERIES LIMITED to be held at Chowdiah Memorial Hall, Gayathri Devi Park Extension, Bangalore - 560 003, on Saturday, September 30, 2000 at 11.00 a.m. for the following purposes :

1. To receive and consider the Accounts for the year ended March 31, 2000, and the Reports of the Auditors and Directors thereon.
2. To declare a Dividend.
3. To elect a Director in the place of Mr. Mani Narayanaswami, who retires by rotation and, being eligible, offers himself for re-election.
4. To elect a Director in the place of Mr. Morris Mathias, who retires by rotation and, being eligible, offers himself for re-election.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED that subject to the provisions of Schedule XIII and other applicable provisions of the Companies Act, 1956, or any Statutory modification or re-enactment thereof, the re-appointment of Mr. T.S. Narayana Rao, as a Wholetime Director of the Company, effective from June 22, 2000 for a period up to June 21, 2001 be and the same is hereby approved, on the following terms and conditions :

1. Salary : Rs.57,000 per month, with such increments as may be determined by the Board of Directors of the Company, from time to time as per the Rules of the Company.
2. Performance Evaluation Payment : In accordance with the Rules of the Company.
3. i) Perquisites : Housing-Furnished / Unfurnished residential accommodation or house rent allowance of 50 per cent of salary in lieu thereof.
The expenditure incurred on gas, water, electricity and furnishings will be reimbursed subject to a ceiling of 10% of the salary per annum.
- ii) Medical Reimbursement : Expenses incurred for Mr. T.S. Narayana Rao and his family, in accordance with the Rules of the Company.
- iii) Leave Travel Concession : For Mr. T.S. Narayana Rao and his family, once in a year incurred in accordance with the Rules of the Company.
- iv) Club Fees : Fees of one Club. This will not include admission and life membership fees.
- v) Personal Accident Insurance : Premium as per the Rules of the Company.
- vi) Provident Fund : Company's contribution to Provident Fund shall be as per the Scheme of the Company.
- vii) Superannuation/Annuity Fund : Company's contribution to Superannuation or Annuity Fund shall be in accordance with the Scheme of the Company.
- viii) Gratuity : Payable in accordance with the Rules of the approved Fund of the Company.
- ix) Encashment of Leave not availed of - as per the Rules of the Company.
- x) Provision of a Car and telephone at the residence of Mr. T.S. Narayana Rao for use on Company's business.
- xi) Such other benefits, amenities, facilities and perquisites as per the Rules of the Company as applicable to senior executives and as may be permitted by the Board of Directors, to the Wholetime Director.
- xii) So long as Mr. T.S. Narayana Rao functions as Wholetime Director of the Company he shall not be paid any Sitting fees for attending the meetings of the Board or any committee thereof.

Provided that the remuneration payable to Mr. T.S. Narayana Rao (including salary, performance evaluation payment, perquisites, benefits, amenities and facilities) does not exceed the limits laid down in Sections 198 and 309 and Schedule XIII of the Companies Act, 1956 or any other Statutory provision, modification or re-enactment thereof.

FURTHER RESOLVED that in the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, performance evaluation payment, perquisites, benefits, amenities and facilities payable to Mr. T.S. Narayana Rao shall not exceed the limits prescribed under the Companies Act, 1956 and the Rules made thereunder or any Statutory modification or re-enactment thereof.



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notice of annual general meeting (Contd.)

FURTHER RESOLVED that, as such Wholetime Director, the said Mr. T.S. Narayana Rao shall exercise such powers of management, as may be vested in him by the Board of Directors, subject to the superintendence, control and supervision of the Board of Directors of the Company.

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 Section 314 (1) (B) and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government consent of the Company be and is hereby accorded to Mr. Umesh Hingorani, a relative of Dr. Vijay Mallya, a Director of the Company, to hold an office or place of profit as General Manager - Business Development of the Company with effect from the date as may be decided by the Board of Directors upon receipt of necessary approvals, on the following terms :

Basic Salary	Rs.40,000 per month
House Rent Allowance	50% of basic salary per month
Special Allowance	Rs.3,900 per month
Car	Provision of a Car for use on Company's business
Reimbursement of Driver's Salary	Rs. 3,500 per month (on a 13 month basis)
Reimbursement of Medical Expenses	At actuals
Leave Travel Allowance	Rs.35,000 per annum
Performance Evaluation Payment	Up to a maximum of 30% on basic salary based on performance
Company Assets	Will be entitled to purchase Home Appliances / Personal Computer as per Company Policy Up to a Maximum of Rs.150,000.
Club Membership	Rs.25,000 maximum (for one Club)
Telephone Expenses	Rental charges and 350 free calls per month
Gratuity, Provident Fund and Superannuation Fund	As per Company's rules
Group Personal Accident Insurance	Rs.650,000

8. 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 Section 17 and other applicable provisions, if any, of the Companies Act, 1956 the Objects Clause of the Memorandum of Association of the Company be altered by adding the following new clause 3(C-14) after the existing Clause 3(C-13) thereat.

- 3(C-14) To carry on and to undertake the business of designing, developing, manufacturing, assembling, licensing, improving, maintaining, service, buying, selling, marketing, importing, exporting, exchanging, consultants and advisors and supporting and implementing computer software applications and other related technologies and implementation of Internet, Intranet, Extranet, Websites and Portals, E-commerce related activities, service & products, accessories and related items, Website development and designing, Client / Server distributed computing technologies and Electronic Commerce solutions and developing an Enterprise Resource Planning (ERP) practice and providing total computer solutions involving Information Technology Consultancy, systems study, selection of computer hardware and software, software development, computer training and maintenance and software services which include custom design, software porting, integration services, annual maintenance contracts, product support, etc., and also to provide a wide range of computer related services including data processing, hiring, leasing of computer equipment, desktop publishing, computer graphics, presentation graphics and computer communication including telex interfaces, fax services, data processing, Internet Services provider, software consultancy and export, leasing or hiring out of computers for others, developing and implementing software packages for application in the field of commerce, industry, education, telecom, health and other related fields and giving consultancy services in the field of systems Analysis and Design, Project Design and Planning, automation, Management Information Systems, Cybernetics, Market research, Industrial and Environmental Engineering, Training and Education, Value Analysis, Mechanization, Organisation and Methods, Standardisation and Operation research, and to manufacture, maintain, export, import, buy, sell, rent, hire, lease or otherwise acquire, dispose of or deal in all kinds of digital systems, numerical controllers, flexible manufacturing systems, robots, communication systems, computers, peripherals, computer software, computer

notice of annual general meeting (Contd.)

hardware, computer technology, machines, computer aided teaching aids and all other related components parts and products used in communication and computers and develop or deal in all kinds of electrical and electronic components, devices, instruments, equipment and controls for any engineering applications and to carry on any kind of services relating to communication in Information Technology, development and operation of an Information Technology Park under any environment in India or anywhere in the World and all other ancillary and related services necessary to be carried out in order to enhance the value of above activities.

Further **RESOLVED** that the Board of Directors be and is hereby authorised to do and perform all such acts, deeds matters and things as may be necessary to give effect to the Resolution :

9. 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 Section 149(2A) of the Companies Act, 1956, the Company hereby approves of the commencement of the proposed new business and activities as set out in the proposed new Clause 3(C-14) in Clause 3 of the Company's Memorandum of Association by the Directors as and when they think fit.

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

RESOLVED that pursuant to Section 31 and all other applicable provisions if any, of the Companies Act, 1956 the Articles of Association of the Company be altered in the following manner :

- A. The definition of "Shareholder" or "Member" and the definition of "Register of Members" under the heading interpretation in Article 2 of the Articles of Association of the Company be deleted.
- B. The following definitions shall be added under the heading "Interpretation" in Article 2 of the Articles of Association after the definition of "Dividend" appearing in the said article.

"Beneficial Owner"

"Beneficial Owner" shall mean beneficial owner as defined in Clause (a) of sub-Section (1) of Section 2 of the Depositories Act, 1996.

"Bye-laws"

"Bye-laws" means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

"Depository"

"Depository" shall mean a Depository as defined under Clause (e) of sub-Section (1) of Section 2 of the Depositories Act, 1996.

"Depositories Act, 1996"

"Depositories Act, 1996" shall include any Statutory modification of re-enactment thereof.

"Member"

"Member" shall mean shareholder and vice versa and includes the duly registered holder from time to time of the Shares of the Company and the beneficial owner as defined in Clause (a) of sub-Section (1) of Section 2 of the Depositories Act, 1996.

"Record"

"Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by the SEBI Board.

"Regulations"

"Regulations" means the regulation made by the SEBI.

"SEBI"

"SEBI" means the Securities and Exchange Board of India established pursuant to Section 3 of the Securities and Exchange Board of India Act, 1992.

"Security"

"Security" means such security as may be specified by SEBI from time to time.

- C. The following Articles be added as Articles 16A and 16B after Article 16

16A i) Dematerialisation of securities :



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notice of annual general meeting (Contd.)

The Company shall be entitled to dematerialise its existing Shares, Debentures and other securities, re-materialise its Shares, Debentures and other Securities held in a Depository and / or offer its fresh Shares and Debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996, and the Rules framed thereunder, if any.

ii) Option for Investors :

Every person subscribing to security offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall and within the time prescribed, issue to the beneficial owner the required certificate of securities.

iii) Intimation to Depository :

Where a person opts to hold his security with a Depository the Company shall intimate such depository the details of allotment of the security and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

iv) Securities in Depositories to be in fungible form :

All securities held by a Depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owner.

v) Rights of Depositories and Beneficial Owners :

- a. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- b. Save as otherwise provided in (a) above the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it.
- c. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the "Depository" shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of his securities held by a Depository.

vi) Depository to furnish information :

Every Depository shall furnish to the company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in this behalf.

vii) Section 83 and 108 of the Companies Act, 1956 not to apply :

Notwithstanding anything to contrary contained in the Articles :

- a. Section 83 of the Act shall not apply to the Shares with a Depository.
- b. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee, both of whom are entered as beneficial owners in the records of a Depository.

viii) The company to recognise the rights of Registered Holders as also the Beneficial Owner in the records of the Depository.

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears in the Register of Members as the holder of any Share or whose name appears as the beneficial owner of any Share in the records of the Depository as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or any by law required) be bound to recognise any benami, trust or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. But the Board of Directors shall be at liberty to register any Shares in the joint names of any two or more persons or the survivor or survivors of them.

ix) Register and Index of Beneficial Owners :

The Company shall maintain a Register and Index of members in accordance with all applicable provisions of the Companies Act, 1956, and the Depositories Act, 1996, and the Rules framed thereunder with the details of Shares held in material and dematerialised form in any media as may be permitted by Law including any form of electronic media. The register and Index of Beneficial Members maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be a Register and Index of Members for the purpose of this Act.

The Company shall cause to be kept a Register and Index of Debenture-holders in accordance with the provisions of the Companies Act, 1956. The Company may also keep a foreign Register of Members and Debenture-holders in accordance with the provisions of the Companies Act, 1956.

notice of annual general meeting (Contd.)**x) Applicability of the Depositories Act :**

In case of transfer of Shares, Debentures and other marketable securities where the Company has not issued any certificate and where such Shares, Debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

16B Subject to the provisions of these Articles and in accordance with the provisions of Section 79A of the Companies Act, 1956 and various other Laws governing the issue, the Board may issue and allot sweat Equity Shares under Employees Stock Option Schemes to the persons entitled from time to time.

Further **RESOLVED** that the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary to give effect to this Resolution.

11. 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 Section 372A and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such other Approvals as may be necessary and further subject to applicable Guidelines prescribed by Securities and Exchange Board of India / other Statutory Authorities, consent of the Company be and is hereby accorded to the Board of Directors of the Company to give Loan to and/or for investment of the Company's funds to acquire Equity Shares by subscription, purchase or otherwise, of the following Company viz. :

NAME OF THE COMPANY	Maximum Amount of Loan and/or Investment In Equity Shares (exclusive of Stamp Duty, if any)
Castle Breweries Limited	Upto Rs.120 Million

notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the Guarantees or Securities so far given or to be given to all bodies corporate may exceed the limits prescribed under the said Section.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary for obtaining Approvals, Statutory, Contractual or otherwise - in relations to such loan/investment; to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the Company, in connection with such loan/investment and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.

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 Section 372A of the Companies Act, 1956, if applicable, the Resolution of the Board of Directors pursuant to which Bank of Baroda, Kempegowda Road, Bangalore was requested to arrange for a Bank Guarantee for Rs.5.6 Million on behalf of Asian Age (East) Private Limited in favour of the Registrar, Original Side, High Court, Calcutta, against furnishing of Counter Indemnity by the Company in favour of the Bank for the purpose be and is hereby confirmed by the Shareholders.

By Order of the Board

P. SUBRAMANI

Corporate Vice President-Legal
& Company Secretary

Registered Office :

No. 1/1, Vittal Mallya Road,

BANGALORE - 560 001.

August 23, 2000.



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notes

1. **A Member entitled to attend and vote at 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. The proxies in order to be effective, must be received by the Company not less than 48 hours before the Meeting.**
2. The relevant 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 will remain closed from Thursday, August 31, 2000 to Thursday, September 21, 2000 (both days inclusive).
4. **Alpha Systems Private Limited**, Bangalore has been appointed as the Company's new Registrars and Share Transfer Agents in place of SHARE AIDS PRIVATE LIMITED, CHENNAI.
5. Members are requested to intimate to the Company's Registrars and Share Transfer Agents viz., **ALPHA SYSTEMS PRIVATE LIMITED, 30, RAMANA RESIDENCY, 4TH CROSS, SAMPIGE ROAD, MALLESWARAM, BANGALORE 560 003**, details about their Bank Account Number, Name of Bank, Branch Name and Address, to enable the Company to draw the Dividend Warrant payable accordingly.
6. Members are requested to notify immediately any change in their addresses to the Company's Registrars and Share Transfer Agents, viz., ALPHA SYSTEMS PRIVATE LIMITED 30, RAMANA RESIDENCY, 4TH CROSS, SAMPIGE ROAD, MALLESWARAM, BANGALORE 560 003.
7. Members holding Shares in the same name or same order of names under different ledger folios, are requested to apply for consolidation of such folios to the Company's Registrars and Share Transfer Agents, at the address stated in Note No. 5 above, together with Share Certificates to enable the Company to consolidate all the holdings into one account. The Share Certificates will be returned to the Members after making the necessary endorsement in due course.
8. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed / unpaid Dividends up to the Financial Year ended September 30, 1994 have been transferred to the General Revenue Account of the Central Government. Those Members who have so far not claimed their Dividends for the said period may claim the same by submitting an Application in the prescribed Form No.II to the Registrar of Companies, Karnataka, "Kendriya Sadan", 'E' Wing, Second Floor, Koramangala, Bangalore - 560 034.

Consequent upon the Amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by The Companies (Amendment) Act, 1999, now the amount of Dividend remaining unclaimed for a period of seven years from the date they became due shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed the Dividend Warrant(s) so far for the Financial Year ended March 31, 1996 or any subsequent Dividend payment(s) are requested to make their claim to the Company.
9. Nomination facility for Shares is now available for members. The prescribed format, in this regard, can be obtained from the Company's Registrars and Share Transfer Agents at the address as stated in Note No.5 above.
10. Members are requested to bring their copy of **Annual Report** to the Meeting.
11. Members should also bring the **Attendance Slip sent herewith, duly filled in.**
12. **Members are also requested to avoid being accompanied by non-Members and children.**
13. The trading in the Company's Shares has been made compulsory in dematerialised form effective June 26,2000 for Institutional Investors and Overseas Corporate Bodies (OCBs) and effective August 28,2000 for all class of investors. In view of the numerous advantages offered by the Depository System Members are requested to avail of the facility of dematerialisation of the Company's Shares.

explanatory statement

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956:

Item No. 6:

Mr. T.S. Narayana Rao was re-appointed as Wholtime Director of the Company with effect from October 12, 1997 for a period up to June 21, 2000 and the same was approved by the Members at the Eighty-first Annual General Meeting held on September 24, 1997.

Keeping in view the significant contribution made by Mr. T.S. Narayana Rao in the growth of the Company, the Board of Directors at their Meeting held on April 27, 2000 re-appointed Mr. T.S. Narayana Rao as Wholtime Director with effect from June 22, 2000 for a further period up to June 21, 2001 subject to the approval of the Members at the Annual General Meeting. Mr. T.S. Narayana Rao shall not be subject to retirement by rotation.

The Board recommends re-appointment of Mr. T.S. Narayana Rao as Wholtime Director.

None of the Directors except Mr. T.S. Narayana Rao is concerned or interested in the Resolution set out in Item No.6

An abstract under Section 302 of the Companies Act, 1956 in respect of this item has already been circulated separately to all the Shareholders within the prescribed time and the relevant Resolution concerning re-appointment of Mr. T.S. Narayana Rao, as Wholtime Director in the accompanying Notice may also be treated as a further abstract pursuant to Section 302 of the Companies Act, 1956.

Item No. 7:

It is proposed to appoint Mr. Umesh Hingorani, who has requisite experience in the Brewery business as General Manager - Business Development of the Company on the terms and conditions as set out in the Resolution No. 7. Mr. Umesh Hingorani being a relative of Dr. Vijay Mallya, a Director of the Company, in terms of the Companies Act, 1956 his appointment has to be authorised by a Special Resolution and approved by the Central Government. Accordingly approval of the Shareholders is sought for the appointment of Mr. Umesh Hingorani as aforesaid. The approval of the Central Government will be sought thereafter.

None of the Directors except Dr. Vijay Mallya who is a relative of Mr. Umesh Hingorani is concerned or interested in this Resolution.

Item No.8

The Board is of the view that Information Technology offers significant scope for increasing the Profitability of your company in the future. Not only will the prospects of the Company's core business be improved by harnessing these emerging technologies, but also new business opportunities are likely to present themselves in future.

Since the business under reference is not within the Object Clause of the Memorandum of Association, the Object Clause of the Memorandum of Association is being suitably altered to incorporate the proposed business in the manner detailed in Item No.8 of the Notice.

The Directors recommend this Resolution for approval by Members.

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

Item No.9

Under Section 149(2A) of the Companies Act, 1956, a Company cannot commence any business which is not germane to the business which is presently carried out by the Company unless the shareholders of the Company have approved of the Commencement of any such business by a Special Resolution. The passing of a Special Resolution in terms of Item No. 9 is accordingly considered necessary.

None of the Directors of your Company is concerned or interested in the passing of the Special Resolution set out in Item No.9 of the Notice convening the Meeting.

Item No. 10

The trading in the Shares of your Company has been made compulsory in dematerialised form with effect from June 26, 2000 for Institutional Investors and OCBs and with effect from August 28, 2000 for all class of investors.

With the introduction of the Depositories Act, 1996 and the Depository System some of the provisions of the Companies Act, 1956 relating to the issue of holding, transfer, transmission of Shares and other securities have been amended to facilitate the implementation of the new system. The Depository System is a far safer and more convenient method for holding and trading in the securities of a Company. The Articles of Association need to be amended to be in line with the provisions of the Depositories Act, 1996 and to indicate therein the rights of the Beneficial Owners of the securities in such a system.

The present Companies Act, 1956 among other things facilitates issue of Shares under the sweat Equity / Employees Stock Option Scheme. To enable such issues in future, the Company seeks the approval of the Members.

The Directors recommend the Special Resolution under this item for approval by Members.

