



THE YASH BIRLA GROUP

ZENITH BIRLA (INDIA) LIMITED



Annual Report 2010 - 2011

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CORPORATE INFORMATION

- **Board of Directors**

Shri Yashovardhan Birla	(Chairman)
Shri M.S. Arora	(Managing Director)
Shri P.V.R. Murthy	(Non Executive & Non-Independent Director)
Shri D.V. Kapur	(Independent Director)
Shri Augustine P. Kurias	(Independent Director)
Shri Aniruddha Barwe	(Independent Director) (till 5 th October 2010)
Shri Anoj Menon	(Independent Director) (from 13 th November 2010)
- **Company Secretary & Compliance Officer**
Mrs. Harsha Kedia
- **Auditor**
M/s Thakur, Vaidyanath Aiyer & Co., Chartered Accountants
- **Bankers**
State Bank of India
Punjab National Bank
Bank of Baroda
Oriental Bank of Commerce
Bank of India
Axis Bank
Shamrao Vittal Co-operative Bank
- **Works**

Khopoli Unit Tal. Khopoli Dist Raigad Maharashtra 410203	Murbad Unit Survey (Gut) No. 440/44 I Village Nhave, Taluka Murbad, Dist. Thane, Maharashtra	Tarapur Unit G-38/39, Tarapur Industrial Area, Village Saravali Taluka Palgar Dist. Thane, Maharashtra
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- **Registered Office**
Dalamal House,
1st Floor, 206, J.B. Marg,
Nariman Point, Mumbai 400 021
Tel: 022-66168400, Fax: 022-22047835
Email: share@zenithsteelpipes.com
- **Corporate Office**
Vedant Commercial Complex,
Building No. S-2, 2nd floor, Vartak Nagar,
Pokhran Road No. 1, Thane (W)-400 606,
Tel: 022-67933000, Fax: 022-67933111
- **Registrars and Share Transfer Agents**
Bigshare Services Pvt. Ltd
E/2, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (E), Mumbai 400 072
Tel: 022-28470652/ 40430200
Fax: 022-28475207
Email: investor@bigshareonline.com

Members are requested to note that only tea/coffee will be served during the 49th Annual General Meeting to be held on Tuesday, 20th September 2011 at 3.30 p.m. at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.



NOTICE

Notice is hereby given that the Forty Ninth Annual General Meeting of the members of **ZENITH BIRLA (INDIA) LIMITED** will be held on Tuesday, 20th day of September 2011 at 3.30 p.m. at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri P.V.R. Murthy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** M/s. Thakur Vaidyanath Aiyar & Co, Chartered Accountants, Mumbai (Firm Registration Number: 000038N) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company.”

SPECIAL BUSINESS:

4. APPOINTMENT OF SHRI ANOJ MENON AS A DIRECTOR

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Shri Anoj Menon, who was appointed as an Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation.”

5. RAISING OF FUNDS THROUGH FURTHER ISSUE OF SECURITIES

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to and in accordance with the provisions of Section 81 (1), 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) and all other applicable laws and regulations including the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to any required approval, consent, permission and / or sanction of the Ministry of Finance (Department of Economic Affairs) and of Ministry of Industry (Foreign Investment Promotion Board/ Secretariat for Industrial Assistance) and all other Ministries / Departments of the Government of India and the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and / or any other competent authorities and pursuant to the Securities and Exchange Board of India guidelines, the Reserve Bank of India Guidelines, the relevant provisions of the Memorandum and Articles of Association of the Company and the provisions of the Listing Agreement(s) with Stock Exchange on which the shares of the Company are listed (including any amendment thereto or re-enactment of all or any of the aforesaid) and subject to all such approvals, permissions, sanctions and consents, if any, as may be required under applicable laws and regulations and of concerned authorities, bodies and agencies and subject to such conditions and modifications as may be prescribed by any of the above said authorities, bodies and agencies, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee thereof which the Board may have or may hereafter constitute, to which all or any of the powers hereby conferred on the Board by this Resolution, have been or may hereafter at any time be delegated), the consent, authority and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot (with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), from time to time in one or more tranches, whether rupee denominated or denominated in foreign currency, in consultation with the Lead Manager(s) and/or Underwriter(s) and/or other advisor(s), (i) Foreign Currency Convertible Bonds and/or other Securities including debentures convertible, at the option of the Company and/or entitling the holder



thereof to apply and convert at his option into equity shares, and/or (ii) other securities convertible into or exchangeable with or linked to equity shares, and/or (iii) securities with or without detachable Warrants with a right exercisable by the warrant holder to subscribe for equity shares, and/or (iv) Warrants with a right or option exercisable by the warrant holder to convert or subscribe to equity shares, and/or (v) equity shares, preference shares or other convertible/non convertible securities of the Company, through public issue, right issue, Global Depository Receipts, American Depository Receipts, Qualified Institutions Placement, private offerings or through depository receipt mechanism, participatory notes or otherwise (all hereinafter collectively referred to as the "Securities") and/or any combination of securities in domestic and/or one or more international markets to any person including promoters, existing shareholder(s), employee(s), Indian Public, Qualified Institutional Buyer(s), domestic institution(s), institutional investor(s), bank(s), mutual fund(s), companies, bodies corporate or other entities, individuals or other persons (collectively referred to as the "Investors"), whether residents and/or non-residents and/or strategic investors and/or corporate bodies and whether or not such investors are members of the Company, as may be permitted under applicable laws and regulations, of an aggregate amount not exceeding Rs. 150 Crore or equivalent thereof in one or more foreign currency and/or Indian rupees, inclusive of such premium as may be fixed on such Securities, by offering the Securities through public offer and/or offer letter and/or placement document and/or circular and/or information memorandum and/or such other documents writings, and/or on private placement basis and/or a combination thereof in such manner, on such terms and conditions and at such time or times as may be determined by the Board in its absolute discretion, with power to settle details as to the form and terms of issue of the Securities and all other terms, conditions and matters connected therewith including to accept any modifications thereto or therein as may be required by concerned authorities and/or persons involved with any such issue of Securities subject, however, to all applicable laws and regulations.

RESOLVED FURTHER THAT in the event of issue of Securities by way of Global Depository Receipts and/or American Depository Receipts and/or Foreign Currency Convertible Bonds, the relevant date on the basis of which floor price for the underlying shares shall be determined, shall be the date as specified under the applicable law or regulation.

RESOLVED FURTHER THAT the relevant date for determination of the floor price of the equity shares that may be issued by way of Qualified Institutions Placement pursuant to Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, is as follows:

- (i) in case of allotment of equity shares, the date of the meeting in which the Board decides to open the proposed issue;
- (ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.

RESOLVED FURTHER THAT the pricing of the securities and the pricing of any equity shares issued upon the conversion of the securities shall be made subject to and in compliance with the applicable laws and regulations.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares, with or without conversion rights, with or without voting rights or variation of the conversion price of the Securities during the duration of the Securities and the Board be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed.

RESOLVED FURTHER THAT without prejudice to the generality of the foregoing, the Board be and is hereby authorized to prescribe with respect to the aforesaid issue of the Securities, all or any of the terms or any combination of terms thereof in accordance with local and/or international practice including but not limited to conditions in relation to offer, issue and allotment of the Securities, payment of interest, dividend, premium and redemption or early redemption of Securities, debt service payments and any other payments whatsoever, voting rights and all such terms as are provided in domestic and/or international offerings of this nature including terms for such issue, or variation of the price or period of conversion of any Securities into equity shares or issue of equity shares during the duration of the Securities or terms pertaining to early redemption of Securities and/or conversion into equity shares.



RESOLVED FURTHER THAT in the event any of the Securities are issued in international / foreign capital market, the issue of such Securities shall be deemed to have been made abroad in the market and/or at the place of issue of such Security in the international market and shall be governed by the applicable domestic/foreign laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares pursuant hereto and/or as may be required to be issued and allotted upon conversion of any of the Securities referred to above or as may be necessary in accordance with the terms of offering thereof and all Equity Shares so issued and allotted shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing Shares of the Company unless otherwise specified in the relevant terms.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and any offer, issue and allotment of Securities, the Board be and is hereby authorized to take all such actions, give such directions and to do all such acts, deeds and things as may be necessary, desirable or incidental thereto and matters connected therewith including without limitation, appointment of such Consultants, Lead Managers, Underwriters, Guarantor(s), Depositories, Custodian(s), Registrar(s), Agent(s), Authorised Representatives, Trustee(s), banker(s), Lawyer(s), Merchant Banker(s) and any other Advisor(s), Professional(s) and intermediaries as may be required and to pay them such fees, commission and other expenses as it deems fit and enter into or execute all such agreement(s)/arrangement(s), MOU(s)/placement agreement(s)/underwriting agreement(s)/deposit agreement(s)/trust deeds/subsorption agreement/payment and conversion agency agreement/ or any other agreement(s) or document(s) with any such agencies, list the securities in domestic and/or international stock exchange(s), authorizing any director(s) or any officer(s) of the Company, to sign for and on behalf of the Company offer document(s), agreement(s), arrangement(s), applications, authority letter or any other related paper(s)/document(s), give any undertaking(s), affidavit(s), certificate(s), declaration(s) as he/she may in his/her absolute discretion deem fit including without limitation the authority to amend or modify such document(s).

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers to any Director or Committee of Directors/Company Secretary / other persons authorized by the Board to give effect to the aforesaid resolutions."

6. INCREASE IN BORROWING POWERS

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, (including any statutory modification or re-enactments thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 1956, and in supersession of all resolutions passed in this regard, to borrow any sum or sums of money from time to time from any one or more of the Company's bankers and/or from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise including External Commercial Borrowings/ Foreign Currency Convertible Bonds and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or stock-in-trade (including raw materials, stock in process, finished goods, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed, together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board and outstanding at any time shall not exceed the limit of Rs.600 Crores (Rupees Six Hundred Crores only), exclusive of interest and the Board may execute such deed of hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Board may think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to this resolution".



7. CREATION OF CHARGE / MORTGAGE

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) under Section 293(1)(a) of the Companies Act, 1956 and all other applicable provisions of the companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) to mortgage and/or charge the whole or substantially the whole of the undertaking including the immovable or movable properties of the Company wherever situate, both present and future in such form and in such manner as the Board may think fit, for securing any borrowings of the Company made in accordance with the provisions of Section 293(1)(d) of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) in the form of loans and/or advances already obtained or that may be obtained from any financial institutions/banks/insurance companies or person or persons, and/or any debenture/ bonds issued or that may be issued and all interests, compound/additional interest, commitment charges, costs, charges, expenses and all other monies payable to the concerned lenders.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard.”

8. WAIVER OF RECOVERY OF EXCESS REMUNERATION

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT subject to the approval of the Central Government, approval be and is hereby accorded for waiver of recovery of excess remuneration of an amount Rs. 10.58 lacs paid to Shri M.S. Arora, Managing Director of the Company during the financial year 2010-11.”

9. INCREASE IN REMUNERATION OF MANAGING DIRECTOR

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 316, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded to the payment of enhanced remuneration including salary, allowances, perquisites and benefits to Shri M.S. Arora, Managing Director as per the terms and conditions as set out hereunder, with effect from 1st April, 2011 till the expiry of his present term i.e. 9th July, 2012, notwithstanding that such remuneration is in excess of the limits specified in Part II of Schedule XIII of the Companies Act, 1956:

I. SALARY/ PERQUISITES/BENEFITS/ALLOWANCE

1. Shri. M. S. Arora shall be entitled to a salary, perquisites, allowance, benefits not exceeding Rs. 1.25 Crores per annum.
2. Perquisites, benefits and allowance includes House Rent Allowance, Furnishing Allowance, House Maintenance, gas, electricity, water, Medical Re-imbursment, Leave Travel Concession for self & family, Car Maintenance and Drivers allowance, etc. and any other perquisites, benefits & allowances as per the policy / rules of the Company that may be in force. Allowances and perquisites shall be valued as per the Income Tax Rules, wherever applicable and in the absence of any such Rules, the perquisites shall be evaluated at actual costs to the Company.
3. Shri M.S. Arora shall also be entitled to Company's contribution to Provident Fund, Superannuation Fund, Pension Fund, Gratuity, Encashment of Leave at the end of his tenure as Managing Director, as per the policies/ rules of the Company and the same shall not be included for the purposes of computation of perquisites.

II COMMISSION

Shri M.S. Arora shall be entitled to commission at the rate not exceeding 5% (five percent) of the Net Profit of the Company calculated under Sections 349 and 350 of the Companies Act, 1956.



RESOLVED FURTHER THAT pursuant to the provisions of the section 269 read with Schedule XIII of the Companies Act, 1956 as amended from time to time, the remuneration payable as aforesaid shall be paid as minimum remuneration to Shri M. S. Arora, notwithstanding that in any financial year of the Company during the terms of his office as such, the Company may have made no profits or inadequate profits.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and/or vary the terms and conditions of the said appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Shri M. S. Arora from time to time, as deemed expedient or necessary and the terms of agreement shall be suitably modified to give effect to such alteration and/or variation”.

By Order of the Board
For **Zenith Birla (India) Limited**

Place : Mumbai
Date : 11.08.2011

M.S. Arora
Managing Director

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND TO VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business under Item No. 4 to 9 above is annexed hereto.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the meeting.
4. Pursuant to Clause 49 of the Listing Agreement the details of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting is provided in the Corporate Governance Report.
5. In case of joint holders, attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Register of Members and Share Transfer Books of the Company will remain close from 14th September 2011 to 20th September 2011 (both days inclusive).
7. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Share Transfer Agents, M/s. Bigshare Services Pvt. Ltd. for consolidation into single folio.
8. Members are requested to promptly notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
9. Members are requested to:
 - a. Bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - b. Complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - c. send their questions at-least 10 days in advance before the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.



10. Important communication – Support Green Initiative

Ministry of Corporate Affairs, New Delhi (“MCA”) has taken a “Green Initiative” in the Corporate Governance by permitting paperless compliances by companies vide its Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011 that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications /documents including the Notice calling the General Meeting/ Notice of Postal Ballot, audited financial statements, directors’ report, auditors’ report etc. via electronic mode on the Email ID registered by shareholders with their Depository Participant (DP) or with the Company’s Registrars and Share Transfer Agents (RTA).

Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with Bigshare Services Private Limited, Registrars and Share Transfer Agents of the Company on which they desire to receive all future communications/ documents as specified above.

We are sure you would appreciate the “Green Initiative” taken by MCA and your Company’s desire to participate in such initiatives.

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

Item No: 4

Pursuant to provisions of Section 260 of the Companies Act, 1956 and Article 144 of the Articles of Association of the Company, Shri Anoj Menon was appointed as an Additional Director on the Board of the Company, on 13th November, 2010. Being an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. The Company has received a notice along with a deposit in terms of Section 257 of the Companies Act, 1956, from a member, proposing the candidature of Shri Anoj Menon for the office of Director of the Company, liable to retire by rotation.

The Board recommends the resolution set out at Item No. 4 of the Notice for approval of the members.

None of the Director of the Company, except Shri Anoj Menon, is in any way concerned or interested in this resolution.

Item No: 5

The management is contemplating to expand its manufacturing facilities and to increase the demand by augmenting the financial resources of the company. It is proposed to raise funds by further issue of shares/securities by way of and through issuance of shares/foreign currency convertible bonds/share warrants/equity linked securities/ADRs/GDRs as may be permitted under applicable laws and regulations and as may be deemed necessary and beneficial to the Company in the due course of time. The proceeds of the issue are proposed to be utilized towards expansion projects, long term capital and general corporate purposes.

The detailed terms and conditions for offer will be determined in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

As per Section 81(IA) of the Companies Act, 1956, whenever it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of such Company unless the shareholders in a General Meeting by way of Special Resolution decide otherwise. As the Special Resolution proposed in the Item no. 5 of the Notice results in the issue of shares/securities of the Company to members and /or non-members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1), 81 (IA) and other applicable provisions of the Companies Act, 1956 and the clauses of Listing Agreement executed by the Company with Stock Exchanges where the Equity Shares of the Company are listed.

The Special Resolution seeks to provide enabling authority to the Board of Directors of the Company to issue shares/securities as mentioned in the Resolution.

The Board recommends the resolution set out at Item No. 5 of the Notice for approval of the members.

None of the Directors of the Company are interested or concerned in the above resolution, except to the extent of their shareholding.