

DONEAR INDUSTRIES LIMITED

**Registered Office: 210, Key-Tuo Industrial Estate,
Kondivita Lane, Near MIDC, Andheri (East),
Mumbai- 400059, Maharashtra**

NOTICE OF EXTRA-ORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the Members of **Donear Industries Limited** (the "**Company**") will be held on Saturday the 11th Day of January 2014 at 11.30 A.M. at the Registered Office of the Company at 210, Key-Tuo Industrial Estate, Kondivita Lane, Near MIDC, Andheri (East), Mumbai- 400059, Maharashtra to transact the following businesses:

ORDINARY BUSINESS

1. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT the Authorized Share Capital of the Company be and is hereby increased from Rs. 20,00,00,000 (Rupees Twenty Crores Only) divided into 10,00,00,000 (Ten Crores Only) equity shares of Rs. 2.00 (Rupee Two Only) each, to Rs. **32,00,00,000** (Rupees Thirty Two Crores Only) divided into **16,00,00,000** (Sixteen Crores Only) Equity Shares of Rs. 2.00 (Rupee Two Only) each."

2. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company relating to share capital be and is hereby altered by deleting the same and substituting in place thereof, the following as new Clause V:

- V.** The Authorized Share Capital of the Company is Rs. **32,00,00,000** (Rupees Thirty Two Crores Only) divided into **16,00,00,000** (Sixteen Crores Only) Equity Shares of Rs. 2.00 (Rupee Two Only) each, with power to classify or reclassify, increase or reduce such capital from time to time and power to divide the shares in the capital for the time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power to divide the share capital for the time being into several classes and to attach thereto respectively preferential, qualified or special rights, privileges or conditions including as to voting and to vary, modify, or

abrogate the same in such manner as may be permitted by the Act or as may for time to time being be provided for by these presents and the Articles of Association of the Company."

SPECIAL BUSINESS

3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION** :

"RESOLVED THAT in pursuance to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, or applicable provisions under the Companies Act, 2013 (the "**Act**") the existing Clause 2(a) of the Articles of Association of the Company be and is hereby altered by deleting the same and substituting in place thereof, the following as New Clause 2(a):

2(a) "The Authorized Share Capital of the Company is Rs. **32,00,00,000** (Rupees Thirty Two Crores Only) divided into **16,00,00,000** (Sixteen Crores Only) Equity Shares of Rs. 2.00 (Rupee Two Only) each with power to classify or reclassify, increase or reduce such capital from time to time and power to divide the shares in the capital for the time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power to divide the share capital for the time being into several classes and to attach thereto respectively preferential, qualified or special rights, privileges or conditions including as to voting and to vary, modify, or abrogate the same in such manner as may be permitted by the Act or as may for time to time being be provided for by the Articles of Association of the Company."

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

"RESOLVED THAT in accordance with the provisions of Section 81(1), 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (as amended or re-enacted) and applicable provisions of the Companies Act, 2013 (the "**Act**") and any other law for the time being in force and in accordance with the provisions of the Memorandum of Association and Articles of Association of the Company, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 including any amendments thereof ("**SEBI ICDR Regulations**"), the Securities Contracts (Regulation) Act, 1956, as amended, the Foreign Exchange Management Act, 1999 and rules and regulations issued therein as amended from time to time, directions issued by the Reserve Bank of India ("**RBI**"), the listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of

India Limited, (together the "**Stock Exchanges**") on which the equity shares of the Company are listed and subject to the requisite approvals, permissions and sanctions including those of the lenders of the Company, the Securities and Exchange Board of India ("**SEBI**"), Stock Exchanges, RBI, Foreign Investment Promotion Board ("**FIPB**"), Competition Commission of India ("**CCI**"), Government of India and all other concerned statutory authorities, if and to the extent necessary, and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed in granting of such approvals, permissions and sanctions by any of the aforesaid authorities and which may be agreed by the board of directors of the Company ("**Board**"), which term shall include any other committee of the Board or any person(s) authorized by the Board or its committee for such purposes, the consent and approval of the shareholders of the company be and is hereby accorded to the Board to create, offer, issue and allot such number of equity shares of the Company of face value of Rs.2.00 each ("**Equity Shares**"), by way of a Rights Issue to the existing equity shareholders of the Company whose name appears in the register of members on the record date for an amount **not exceeding** Rs. 70 crores, including share premium, subject to the approval of the shareholders of the Company and on such other terms and conditions as may be mentioned in the letter of offer to be issued by the Company in respect of the Rights Issue including but not restricted to:

1. The full amount of face value Rs. 2/- per share and premium shall be payable entirely along with the application or in calls (as per regulation 17 and 54 (7) of SEBI ICDR Regulations) for such shares as prescribed in an application form of the Company. Company shall decide and disclose the method of payment, i.e. full payment or payment in calls, in the Draft Letter of Offer to be filed with the SEBI and the Letter of Offer to be filed with the Stock Exchanges (together shall be referred as "Offer Document").
2. The offer aforesaid includes a right exercisable by the persons to renounce the Equity Shares now being offered in favor of any other person(s) provided such renunciation is made before the closing of the Rights Issue.
3. The Board/ Rights Issue Committee shall have the sole discretion to deal with the unsubscribed portion of the Rights Issue on such terms and conditions as they think most beneficial to the Company.
4. The Equity Shares as aforesaid to be issued and allotted pursuant to Rights Issue shall rank pari passu in all respects with the existing Equity Shares, including entitlement of dividend except as may be otherwise provided pursuant to the terms of the Rights Issue in any of the issue documents."

"RESOLVED FURTHER THAT for the purpose of giving effect to the Rights Issue, the Board be and is hereby authorized to delegate all or any of the powers herein conferred to a special committee constituted by the Board namely Rights Issue Committee to give effect to the aforesaid resolution."

"RESOLVED FURTHER THAT the rights issue committee ("**Rights Issue Committee**") consisting of following directors namely, Mr. Vishwanath Agarwal, Non Executive Director, Mr. Rajendra Agarwal, Managing Director and Mr. Durgaprasad Agarwal, Non Executive and Independent Director, be and is hereby approved." Mr. Vishwanath L. Agarwal shall be the Chairman of the Rights Issue Committee

"RESOLVED FURTHER THAT Mr. Sreedhar, Company Secretary of the Company shall act as a secretary for the purpose of Rights Issue Committee.

"RESOLVED FURTHER THAT the Rights Issue Committee be and is hereby severally authorized to do all such acts, deeds and things etc., as may be necessary or expedient in this connection including but not limited to negotiating, approving and executing offer documents, undertakings, letters, documents, forms, power of attorneys, regulatory filings and intimations to be filed with any regulator and such other documents which maybe required and to seek approvals (if any) of relevant authorities and to approve, sign, execute, issue notice convening the meeting of the shareholders authorizing the issue of the shares under the Rights Issue and to comply with all requirements of the Companies Act, 1956 and the notified provisions of the Companies Act, 2013 (i.e. notified provisions of the Companies Act, 2013 will substitute the corresponding provisions of the Companies Act, 1956) and all other applicable laws and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard as it may in its absolute discretion deem fit."

By order of the Board

For Donear Industries Limited

Sd/-

Company Secretary

Date: 9th December, 2013

Place: Mumbai

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/ her self and such proxy need not be a member of the Company. Proxy form in order to be effective, must be received by the Company at its Registered Office not less than, 48 hours before the commencement of the meeting. Blank proxy form is enclosed.
2. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 (erstwhile Section 173(2) of the Companies Act, 1956) In respect of Item Nos. 1, 2, 3 and 4 is annexed hereto.
3. The notice is being sent to all the members by post, whose name appear in the register of members/record of depositories as on Friday , December 06 2013
4. Members having multiple accounts in identical names or joint accounts in same order are requested to intimate the Company the ledger folio of such accounts to enable the Company to consolidate all such shareholdings into one account and send the relevant share certificate.
5. Members who hold shares in dematerialized form are requested to bring their identity card and depository participant identity card number for easy identification of attendance at the Meeting.
6. Members/proxies are requested to bring their Attendance Slip duly filled along with this Notice to attend the meeting.
7. Pursuant to the directions of the SEBI, trading in the shares of your Company is in compulsory dematerialized form for investors. Members who have not yet got their shares dematerialized, are requested to opt for the same in their own interest and send their certificate through depository participant(s) with whom they have dematerialized account directly or through the registrar & transfer agent of the Company namely LINK INTIME INDIA PVT. LTD. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West),

Mumbai 400078; Tel. no.: 022- 2594 6970, Fax no.: 022 2594 6969; E. mail: rajesh.mishra@linkintime.co.in

8. The website of your Company is www.donear.com where you can find more information about the Company. The details of various services being provided to the investors, guidance and procedure to be followed by the investors in respect of transfer, transmission and transposition of shares, dematerialization and re-materialization of shares, quarterly, half yearly and annual results etc. are available at the page of financial results and news alert for investors service centre.
9. The new set of Memorandum of Association and Articles of Association and existing set of Memorandum of Association and Articles of Association of the Company are available for inspection at the Registered Office of the Company on any working day between 11 a.m. to 1 p.m. until the date of the meeting.
10. The Companies Act, 2013 has been enacted with effect from August 29, 2013. However, the provisions relating to further issue of capital and increase in authorized share capital of the Company has not been notified as on the date of this Notice.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES
ACT, 2013 AND APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956
(THE "ACT")**

The following explanatory statement set out all the material facts:

Item no. 1, 2 & 3

Your Company is proposing issue of shares on rights basis to its existing shareholders aggregating up to Rs. 70 crores. This shall utilize substantial portion of the available Authorized Capital. The Company also envisages further dilution of capital for expansion purpose in immediate future. Therefore the Company has decided to increase the Authorized Share Capital from Rs. Twenty Crores to Rs. Thirty Two Crores only. Consequently, the capital clause as appearing in the Memorandum of Association and Articles of Association of the Company would need to be altered to reflect the increased Authorized Share Capital.

As per the provisions of Sections 16, 31 and 94 of the Companies Act, 1956, or applicable provisions of the Companies Act, 2013 a Company can increase the Share Capital, alter the Share Capital Clause of its Memorandum of Association and Articles of Association with the consent of Members. On increase of authorized capital, it would be necessary to amend Clause V of the Memorandum of Association and also Article 2(a) of Articles of Association. The Resolution at item nos. 1, 2 & 3 of this Notice, seek approval of Members to increase the Share Capital and to amend the said Clause V of the Memorandum of Association and Article 2(a) of the Articles of Association respectively.

Your Directors recommend the Resolutions at item nos. 1, 2 & 3 of this Notice, for your approval.

None of the Directors of the Company are interested in this Resolution.

Item no. 4: Rights Issue

The equity shares of nominal value of Rs. 2/- each of the Company are currently listed on BSE Limited and the National Stock Exchange of India Limited.

Your Company intends to re-align the balance sheet and improve the financials ratios by

reducing the debt outstanding as on date. Towards this, the Company proposes to utilize portion of rights issue proceeds. Further, textile industry is a capital intensive industry. Your Company is in continuous need of funds for meeting its working capital requirements. Your Company proposes to utilize portion of rights issue proceeds towards augmentation of its working capital requirements. The exact details of objects of the rights issue shall be provided in the Offer Document. Your Board of Directors ("**Board**") considers it advisable to raise funds through existing shareholders, in case the rights issue is not fully subscribed the Board may dispose the declined shares in such manner which is not disadvantageous to the shareholders of the Company.

Some of the directors/key managerial personnel's of the Company and their relatives may be deemed to be concerned or interested in this item of business to the extent the shares may be offered to and/or subscribed for by them or any company or body corporate of which they are the directors or shareholders.

The Board of your Company recommends this special resolution for your approval.

By order of the Board

For Donear Industries Limited

Sd/-

Company Secretary

Date: 12th December, 2013

Place: Mumbai