



NOTICE OF EXTRA-ORDINARY GENERAL MEETING

NOTICE is hereby given that an Extra-Ordinary General Meeting of the Members of Mercator Lines Limited will be held at Y. B. Chavan Centre, General Jagannath Bhosle Marg, Nariman Point, Mumbai-400021 on Thursday, the 11th October, 2007, at 11.00 a.m. to transact the following business:

SPECIAL BUSINESS:

1. 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 Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), provisions of the Memorandum and Articles of Association of the Company, and subject to the applicable rules, regulations, guidelines, notifications or circulars issued by the Securities and Exchange Board of India (hereinafter referred to as “SEBI”), the Stock Exchange(s) where the shares of the Company are listed (including provisions of the listing agreement with them), or any other appropriate/statutory authority and also subject to such approvals, permissions, sanctions and consents as may be necessary and required from the Government of India and all other appropriate authorities and institutions, under applicable legislations, rules, regulations, guidelines and contracts for the time being in force, and subject further to such other terms, conditions, stipulations, alterations, amendments, modifications or variations, as may be required, specified or suggested by any of them in granting any such approvals, consents, permissions, or sanctions, and which may be agreed to by the Board of Directors (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee of Directors for the time being authorised by the Board of Directors to exercise the powers conferred on the Board of Directors by this resolution), consent and approval of the members of the Company be and is hereby accorded to the Board to create, offer, issue and allot in one or more tranches, on private placement and/or preferential basis, not exceeding 2,85,00,000 (Two Crores Eighty Five Lacs Only) warrants, each warrant carrying one option/entitlement to subscribe to one number of Equity Share of the Company of Re.1/- each, against each such option on a future date (i.e. option/entitlement to subscribe to maximum number of 2,85,00,000 (Two Crores Eighty Five Lacs Only) Equity Shares of Re.1/- each in aggregate), within a period not exceeding 18 (Eighteen) months from the date of issue of such warrants, to the following promoter of the Company, as specified against her name:

Sr. No	Name of the Proposed Allottee	Maximum No. of Warrants to be allotted
1.	Mrs. Archana Harishkumar Mittal	2,85,00,000 (Two Crores Eighty Five Lacs Only)
	Total	2,85,00,000 (Two Crores Eighty Five Lacs Only)



The total number of shares to which the aforesaid proposed allottee will become entitled to, considering the one option available per warrant shall be 2,85,00,000 (Two Crores Eighty Five Lacs Only) Equity shares of Re.1/- each.

RESOLVED FURTHER THAT the offer, issue and allotment of the aforesaid warrants and the equity shares resulting from the exercise of the entitlement of the warrant holders to subscribe to the equity shares shall be made at such time or times as the Board may in its absolute discretion decide, subject however to applicable guidelines, notifications, rules and regulations.

RESOLVED FURTHER THAT the terms and conditions of the aforesaid warrants shall be as under:

- a. Each of the said warrant shall have face value of such sum that will be equivalent to the 10% of the price of the equity share to be issued in surrender/exchange of such warrant in terms of this resolution and SEBI Guidelines for Preferential Issues (Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000).
- b. The aforesaid warrants and the equity shares resulting from the exercise of the entitlement of each of the said warrant under this resolution shall be made fully paid-up at the time of their allotment.
- c. Each of the said warrant shall carry a right, entitling its registered owner to apply for at her option, and seek allotment of one equity share of Re.1/- each, upon surrendering/exchange of the warrant to the Company along with the balance 90 % of the issue price of the equity share.
- d. The price including premium of one equity share of Re.1/- each to be allotted on exchange/surrender of the said warrant shall not be lower than the minimum price specified as per SEBI Guidelines for Preferential Issues (Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000), considering 30 days prior to the date of this general meeting as the Relevant Date, as may be decided by the Board.
- e. For determining the price of the equity shares to be allotted on exchange/surrender of the said warrants, the relevant date shall be 11th September, 2007.
- f. Against each of the said warrant, the registered owner of the warrant shall be entitled to apply for at her option and seek allotment of one equity share of Re.1/- each in one or more tranches, in the manner aforesaid, within the period of 18 months from the date of issue of the said warrants. The Board of Directors of the Company at its discretion shall decide the time within which the application for equity share against surrender/exchange of the said warrant shall be made, subject to the aforesaid time limits.
- g. In case the warrant holder do not apply for the shares of the Company against surrender/exchange of the said warrant as aforesaid within the time that may be fixed by the Board of Directors in this regard, then the amount paid on each of the



said warrant shall be forfeited; and all the rights attached to the said warrant shall lapse automatically.

- h. Upon surrender/exchange of each of the said warrant, the amount paid up thereon shall be credited, adjusted and applied towards share application money of the equity share, for which the holder of the warrant is entitled to apply along with the balance 90% of the issue price of the equity share.
- i. The equity shares to be offered, issued and allotted as aforesaid upon surrender/exchange of the said warrant on exercise of the option by the holder of such warrant shall be subject to the provisions of the Memorandum and Articles of Association of the Company and on allotment, such equity shares shall rank pari-passu with the existing equity shares of the Company in all respects.
- j. Each of the said warrants and the Equity Shares to be offered, issued and allotted as aforesaid upon surrender/exchange of the said warrants by the holder of such warrants; as also the entire pre-preferential Equity Shares held, if any, by the proposed allottee shall be subject to lock-in for such period that may be prescribed under the SEBI Guidelines for Preferential Issues or any other applicable guidelines, rules, regulations and statutes.
- k. The warrant by itself shall not give to the holder thereof, any rights of the shareholder or debenture holder of the Company; including that of to receive interest or dividend on the paid up amount of the warrant.
- l. All the aforesaid warrants shall be pari-passu to each other in all respects and the options attached to each of the said warrants shall be independent of each other.
- m. In case the equity shares of the Company are either sub-divided or consolidated before issue of aforesaid warrants, or exercise of options by the holder of the said Warrants, then the face value, the number of Equity Shares to be acquired upon exercise of the options attached to the said Warrants, and the price of acquisition of the said Equity Shares by the holder of the Warrants shall automatically stand adjusted in the same proportion, as the present value of the Equity Shares Re.1/- each bears to the newly sub-divided/consolidated Equity Shares without affecting any right or obligation of the said Warrant Holder.
- n. In case in future, the Company declares any issue of Bonus Shares, Rights Shares or other similar benefits except dividend to the existing shareholders, then provision shall be made by the Company to provide similar benefits to the Warrant Holder by reserving such benefit for the Warrant Holder and the same shall accrue to the Warrant Holder only upon exercise of option by her for acquiring the shares.
- o. In case the Company's equity capital or its valuation is affected due to any other corporate actions (other than that mentioned in point nos. m and n above) like, any event of Merger, Demerger, Consolidation of Business, or other Reorganization of the Company, Tender Offer for Equity Shares or Sale of Undertaking; necessary adjustments with respect to the options attached to the aforesaid warrants shall be



made by the Company and such other action, as may be deemed necessary or appropriate by the Board shall be taken to reflect such corporate actions, including but without limitation, suitable adjustment of the exercise price on options attached to the outstanding warrants; subject to necessary approvals.

RESOLVED FURTHER THAT subject to applicable statutory provisions, guidelines, notifications, circulars, rules and regulations, the Board be and is hereby authorised to decide, modify, alter and amend the terms of issue, offer and allotment of the aforesaid warrants and the equity shares resulting from the exercise of the entitlement of each of the said warrant by its holder; including reduction of the size of the issue, as the Board may deem expedient;

RESOLVED FURTHER THAT to give effect to the aforesaid resolution, the Board be and is hereby authorised to delegate all or any of the powers or authorities herein conferred to any Committee of Directors or any Director or any other officer(s) of the Company, or to any advisor, consultant, agent, or intermediary; AND for the purpose of giving effect to this resolution, the Board acting on its own or through a Committee of Directors or any other person duly authorised in this regard by the Board / Committee, be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary and to settle any or all questions / matters arising with respect to the offer, issue and allotment (including deciding the terms and conditions for the same), utilisation of the proceeds of the issue of the warrants/shares, execute all such deeds, documents, agreements and writings as it may in its absolute discretion deem necessary or desirable for the purpose of giving effect to the aforesaid resolution, take such further steps as are required for the allotment and listing on one or more stock exchanges of the said warrants/shares to be issued, offered and allotted as aforesaid, to take such other steps that are incidental and ancillary in this regard; and to do, make or accept such alterations, modifications, or variations in the foregoing or cancellation of the issue of warrants, as may be considered desirable or expedient by the Board / Committee / such authorised person in the best interest of the Company and its shareholders; without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**By order of the Board of Directors
For Mercator Lines Limited**

**Supriya Joshi
Company Secretary**

Dated: 13th September, 2007.

Registered Office:
3rd Floor, Mittal Tower, B-Wing,
Nariman Point, Mumbai-400021



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.**
2. The Instrument of proxy, in order to be effective, must be deposited at the Company's registered office not less than forty-eight hours before the time of the meeting. A proxy form is enclosed herewith.
3. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business set out under item no 1 of the notice is annexed hereto and forms part of this notice.
4. Members, who hold shares in de-materialized form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
5. Members are requested to notify immediately any changes in their address to their respective depository participant (in case their shares are held in dematerialized form), or to the Registrar & Share Transfer Agents of the Company, viz. M/s. Intime Spectrum Registry Ltd., C – 13, Pannalal Silk Mills Compound, L. B. S. Road, Bhandup (W), Mumbai – 400 078 (in case their shares are held in physical form).

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

Item No. 1:

In view of the present industrial and economic scenario and Government policies with thrust on infrastructure sectors to facilitate rapid economic development, the business scenario for your Company has improved and new opportunities for growth are emerging. It has been a policy of your Company to grow with pace by identifying right opportunities, and your Company is trying its best to maximize the shareholders' value by accelerating the growth, in pace with the opportunities.

With such a growth, various measures are required to enhance financial resources for the growth, capital as well as for capital expenditure, directly or through subsidiaries or for such other permitted purposes; for which the Company has been raising funds from time to time in various forms. Raising of funds by the Company through further issue of equity results in diluting the promoters' holdings in the Company. Therefore, the promoters have desired to acquire further shares in the Company to strengthen their holding. It is proposed to issue warrants to the promoter with option to subscribe for equity share on preferential/private placement basis, as per details given in the special resolution at item no.1 of the notice.



The 2,85,00,000 (Two Crores Eighty Five Lacs Only) warrants proposed to be issued to the promoters of the Company will carry an option to acquire equivalent number of equity shares Re.1/- each of the Company on the terms and conditions mentioned in the aforesaid special resolution. The offer, issue and allotment of the said warrants (each carrying a right to apply for one equity share of Re.1/- each of the Company in exchange of the said warrant) shall be completed within the prescribed period of 15 days from the date of passing of the said resolution in accordance with the guidelines of the Securities & Exchange Board of India (SEBI) for Preferential Issues, being Chapter XIII to the SEBI (Disclosure and Investor Protection) Guidelines, 2000, or within such other/extended time as may be permitted. The warrant shall have such face value and shall be subject to such terms and conditions, as are stated in the special resolution under item no.1 above.

A copy of the certificate of the Auditors of the Company certifying the adherence to the SEBI's guideline for Preferential Issues, being Chapter XIII to the SEBI's (Disclosure and Investor Protection) Guidelines, 2000 for the proposed issues shall be laid before the shareholders at their proposed extra-ordinary general meeting.

The information as required under SEBI (Disclosure and Investor Protection) Guidelines, 2000, is as under:

1. Objects of the issue:

To enhance financial resources for the Growth and working capital as well as for capital expenditure directly or through subsidiaries or for any other permitted purposes and to strengthen the promoters' holdings in the Company.

2. Intention of Promoters/ Directors/Key Management Persons to subscribe to the offer:

The following Promoter of the Company has conveyed to the Company in writing of her intention to subscribe to/acquire Warrants of the Company on preferential/private placement basis as proposed under special resolution at item no.1 above:

Sr. No	Particulars of the Promoters/Directors/Key Management Persons	Maximum No. of Warrants to be issued
1	Mrs. Archana Harishkumar Mittal	2,85,00,000
	Total	2,85,00,000

3. Shareholding Pattern after considering the exercise of option in full against warrants proposed to be issued on preferential basis to the promoters as per resolution no. 1:



	Particulars	Existing before the proposed preferential issue and also before considering allotment of 4,38,67,450 shares against existing Foreign Currency Convertible Bonds (FCCBs) (Ref Note (a) below)		After considering allotment of 4,38,67,450 shares against existing FCCBs, but before conversion of warrants proposed to be issued on preferential basis as per resolution		After considering full allotment of shares against existing FCCBs and conversion of warrants proposed to be issued on preferential basis as per resolution	
		No. of Shares	% to total Capital	No. of Shares	% to total Capital	No. of Shares	% to total Capital
A	Promoters' Holding:						
1	Promoters						
	Indian Promoters						
	H. K. Mittal	46,654,200	23.65	46,654,200	19.35	46,654,200	17.30
	Archana Harishkumar Mittal	26,327,400	13.35	26,327,400	10.92	54,827,400	20.34
	A. J. Agarwal	5,400,875	2.74	5,400,875	2.24	5,400,875	2.00
	AHM Investments Private Limited	9,506,250	4.82	9,506,250	3.94	9,506,250	3.53
		87,888,725	44.56	87,888,725	36.45	116,388,725	43.78
2	Persons acting in concert	1,635,250	0.83	1,635,250	0.68	1,635,250	0.61
	Sub Total	89,523,975	45.39	89,523,975	37.13	118,023,975	43.78
B	Non-Promoter Holding:						
3	Institutional Investors						
(a)	Mutual funds & UTI	7,778,710	3.94	7,778,710	3.23	7,778,710	2.89
(b)	Banks, FI etc.	4,000	0.00	4,000	0.00	4,000	0.00
(c)	FII	38,230,430	19.38	82,097,880	34.05	82,097,880	30.45
	Sub Total	46,013,140	23.33	89,880,590	37.28	89,880,590	33.34
4	Others						
(a)	Private Corporate Bodies	9,842,665	4.99	9,842,665	4.08	9,842,665	3.65
(b)	Indian Public	47,426,074	24.04	47,426,074	19.67	47,426,074	17.59
(c)	NRI/OCBs	3,442,996	1.75	3,442,996	1.43	3,442,996	1.28
(d)	Any Other						
	- Clearing Members	506,455	0.26	506,455	0.21	506,455	0.19
	- Non-promoter directors & their relatives	487,195	0.25	487,195	0.20	487,195	0.18
	Sub Total	61,705,385	31.28	61,705,385	25.59	61,705,385	22.89
	GRAND TOTAL	197,242,500	100.00	241,109,950	100.00	269,609,950	100.00

Note:

a) The shareholding pattern in the above table is based on the assumption that options attached to existing 60,000,000 Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 60,000,000 carrying right to acquire 4,38,67,450 equity shares of the Company in aggregate, issued pursuant to offering document dated 22nd April 2005 will be exercised in full, there by increasing the paid-up capital of the Company by equal number of Equity Shares. In case the



holders of the said FCCBs exercise their right to acquire Equity Shares of the Company only in part or does not acquire their said right at all, then the paid-up Equity Capital of the Company and the shareholding pattern given above will change accordingly.

b) It is further assumed that other non-promoter holdings will remain unchanged.

The proposed preferential allotment will not result in to any change in the management control. Voting rights shall change according to the change in shareholding pattern mentioned above.

4. Proposed time within which allotment will be completed.

The issue/allotment of 2,85,00,000 (Two Crores Eighty Five Lacs Only) warrants as proposed under special resolution at item no.1 of the notice will be completed within the 15 days period from the date of this meeting, or such other extended time as may be prescribed or permitted under the SEBI's Guidelines on Preferential Issues and as may be decided by the Board of Directors of the Company, or any of its duly authorised Committee. The allotment of the 2,85,00,000 (Two Crores Eighty Five Lacs Only) equity shares resulting from exercise of the options attached to the said warrants will be completed in one or more tranches, but within 18 months from the date of issue of the warrants, as may be decided by the Board of Directors of the Company; subject however, to existing statutory provisions, rules, regulations, guidelines and listing agreement with the Stock Exchanges.

5. Identity of the proposed allottee and percentage of post preferential capital to be held by her:

a. Details of the proposed allottee for 2,85,00,000 (Two Crores Eighty Five Lacs Only) equity shares as a result of exercise of options attached to the 2,85,00,000 (Two Crores Eighty Five Lacs Only) warrants proposed to be issued pursuant to special resolution at item no.1 of the notice and the percentage of expanded capital to be held by her after the proposed allotment of the said equity shares to her as per the said resolution are as under:

Category	Existing before the proposed preferential issue and also before considering allotment of 4,38,67,450 shares against existing Foreign Currency Convertible Bonds (FCCBs) (Ref Note No 3(a) above)		After considering allotment of 4,38,67,450 shares against existing FCCBs, but before conversion of warrants proposed to be issued on preferential basis as per resolution		After considering full allotment of shares against existing FCCBs and conversion of warrants proposed to be issued on preferential basis as per resolution	
	No. of Shares held	% age of shareholding on the basis of number of shares	No. of Shares held	% age of shareholding on the basis of number of shares	No. of Shares held	% age of shareholding on the basis of number of shares
Indian Promoter						
Mrs. Archana Harishkumar Mittal	26,327,400	13.35	26,327,400	10.92	54,827,400	20.34

Section 81 of the Companies Act, 1956 provides inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, etc., such further shares shall first



be offered to the existing shareholders of the Company in the manner laid down in Section 81, unless the shareholders in general meeting decide otherwise by passing a special resolution.

Hence, consent of the shareholders by way of a Special Resolution is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the SEBI (Disclosure and Investor Protection) Guidelines and the listing agreements executed by the Company with the Stock Exchange(s) where the Company's Shares are listed.

The members are, therefore, requested to accord their approval authorising the Board to go for the proposed private placement and / or preferential issue as set out in the special resolution at item no. 1 of the notice.

Mr. Harishkumar Mittal, the Executive Chairman of the Company and husband of Mrs. Archana Mittal, the proposed allottee, is interested in the special resolution proposed at item no. 1 of the notice to the extent of the warrants and the equity shares resulting from exercise of options attached to the warrants that may be issued, offered and allotted to Mrs. Archana Mittal, as indicated in the said resolution.

Except the above, no other Director of the Company is in any way concerned or interested in the aforesaid proposed resolution.

**By order of the Board of Directors
For Mercator Lines Limited**

**Supriya Joshi
Company Secretary**

Dated: 13th September, 2007.

Registered Office:

3rd Floor, Mittal Tower, B-Wing, Nariman Point, Mumbai-
400021
