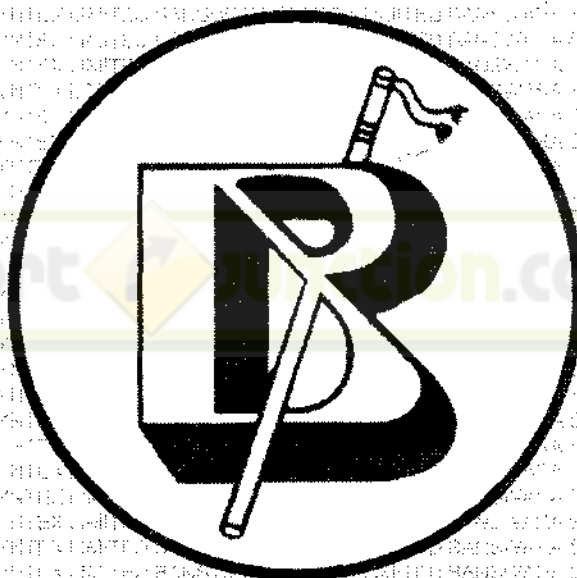


Annual Report 2005 - 2006



Budswapa SYNTEX LIMITED

FINANCIAL HIGHLIGHTS

	Rs.in Lacs				
	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
TURNOVER AND PROFITS					
Turnover (including export)	38,931	30,542	29,455	24,661	21,469
Exports (Including Benefits)	20,270	16,000	20,431	15,668	11,250
Profit Before Interest, Depreciation & Tax	4,339	2,921	3,330	2,953	2,313
Interest	1,437	1,169	1,203	1,421	1,352
Profit Before Depreciation & Taxation	2,902	1,752	2,127	1,532	961
Profit after Depreciation	1,571	678	1,304	821	317
Tax- Fringe Benefits Tax	26	-	-	-	-
Current	210	49	108	66	26
Deferred	409	251	336	295	9
Profit after Taxation	926	378	860	460	282
Dividend %	20	12	12	8	-
ASSETS & LIABILITIES					
Gross Fixed Assets (Net of Revaluation)	25,134	19,787	16,639	12,883	11,496
Net Fixed Assets	17,038	13,196	10,944	7,981	7,233
Net Current and Other Assets	10,016	7,908	6,244	6,946	6,253
Equity Share Capital	777	681	678	678	678
Reserves & Surplus (Excl.Rev.Res.)	5,299	3,982	3,687	2,930	2,531
Net Worth	6,076	4,663	4,365	3,586	3,176
Deferred Tax Liability	1,841	1,391	1,140	805	510
Secured Loans	17,682	13,521	10,516	9,495	8,803
Other Long Term Liabilities	1,803	1,744	1,181	1,042	997
RATIOS					
Book value per Share (Rs.)	77.77	67.78	63.46	52.14	46.17
Earning per Share (Rs.)	12.73	5.54	12.68	6.79	4.16

**Board of Directors**

Shri R.L.Toshniwal, Chairman & Managing Director
 Shri Ravi Toshniwal, Jt. Managing Director
 Shri Rakesh Mehra, Wholetime Director
 Shri Shaleen Toshniwal, Wholetime Director
 Shri D.S.Alva
 Shri P. Kumar
 Shri D.P.Garg
 Shri S.B.Agarwal
 Shri Vijay Agarwal
 Shri Kamal K. Kacholia
 Shri A.N.Jariwala
 Shri Vijay Mehta

Executives

Shri S.S. Sajal	President
Shri J.K. Rath	President (Commercial)
Shri V.G. Maheshwari	President (Daman Unit)
Shri S.N. Gupta	Senior Vice President (Technical)
Shri J.K. Jain	Vice President (Finance & Accounts) & Company Secretary
Shri S.S. Kella	Vice President (Audit & Taxation)
Shri S.R. Jain	Vice President (Engineering)

Auditors

M/s. Kalani & Company
 Mangal Marg
 Bapu Nagar
 JAIPUR-302 004

Regd.Office & Mills Unit I

Industrial Area
 Dohad Road,
 BANSWARA-327 001

Unit II and Fabric Finishing Unit

Industrial Area
 BANSWARA-327 001

Garment Unit

Banswara Garments
 (A Unit of Banswara Syntex Ltd.)
 98/3, Village Kadaiya,
 Nani Daman, DAMAN-396210

Bankers

Punjab National Bank
 Union Bank of India
 Bank of Baroda
 Bank of India

Jaipur Office

"Ankur Apartment"
 S-6, Jyoti Nagar Extension
 JAIPUR-302 005

Mumbai Office

5th Floor, Gopal Bhawan,
 199, Princess Street,
 MUMBAI - 400 002

Delhi Office

Flat No. 204, E-2, A.R.A. Centre,
 Jhandewalan Extn.
 NEW DELHI - 110 055

QUALITY POLICY

WE, BANSWARA SYNTEX LIMITED, WISH TO BE WORLD CLASS IN THE MANUFACTURE OF YARN & FABRIC. OUR ENDEAVOR IS TO ANTICIPATE & EXCEED CUSTOMER SATISFACTION BY UNDERSTANDING CUSTOMER'S NEED AND EXPECTATION AND THUS, ENSURING QUALITY AND TIMELY DELIVERY BY:-

- ♦ BEING IN CLOSE CONTACT WITH CUSTOMERS AND GETTING THEIR FEED BACK.
- ♦ CONTINUOUS INNOVATION IN PRODUCT DEVELOPMENT.
- ♦ CONTINUAL IMPROVEMENT IN QMS & QUALITY THROUGH H.R.D., UPGRADATION OF PLANT & MACHINERY AND IMPROVEMENT IN METHODS OF WORK.
- ♦ PARTICIPATION OF MANAGEMENT AND ALL EMPLOYEES AS ONE TEAM.

NOTICE

NOTICE is hereby given that 30th Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Wednesday the 12th day of July, 2006 at its Registered Office, Industrial Area, Dohad Road, Banswara at 4.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet as at 31st March, 2006 and Profit and Loss account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri D. S. Alva who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri A. N. Jariwala who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri D.P. Garg who retires by rotation, and being eligible offers himself for re-appointment.
6. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS

7. Issue of Bonus shares.

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

"RESOLVED THAT pursuant to recommendation of the Board of Directors and applicable provisions of the Companies Act, 1956 and the Articles of Association of the Company and in accordance with the guidelines issued by the Securities & Exchange Board of India (SEBI) and subject to such other necessary approvals, if any required, consent of the members be and is hereby accorded to the Board of Directors of the company, for capitalization of such sum standing to the credit of the Company's Share Premium account as is permissible to be utilised for the purpose, as may be considered necessary by the Board, for the purpose of issue of bonus shares of Rs.10/- each, credited as fully paid up shares to the holders of the existing equity shares of the company, whose names appear in the Register of Members, on such date as may be fixed in this regard, by the Board of Directors, in the proportion of one equity share for every two existing equity shares held by them (no fractional entitlements, the shares will be rounded off to the next whole number) and that the new Bonus Shares so issued and allotted shall be treated for all purposes as an increase of the nominal amount of the Equity Share Capital of the Company held by each such member and not as income and the said Equity Shares be issued and allotted, inter alia, on the following terms and conditions:

- (a) The new equity shares of Rs. 10/- each to be issued and allotted as bonus shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with, and carry the same rights as the existing equity shares of the company, notwithstanding the date or dates of allotment thereof, including entitlement to the payment of dividend, if declared for the financial year in which the same are allotted.
- (b) No letters of Allotment shall be issued for the bonus shares and the share certificates in respect thereof shall be delivered within three months/ statutory period from the date of their allotment or in case the shares are held in demat form, the bonus equity shares will be credited to the demat account of beneficiary shareholder within the permitted time.
- (c) The issue and allotment of fully-paid up new equity shares as bonus shares to the extent that they relate to non-residents shall be subject to the approval of Reserve Bank of India under the Foreign Exchange Management Act, 1999 (including any statutory modification(s) or enactment thereof for the time being in force).
- (d) The allottees of the bonus issue will not be entitled for the dividend, if declared by the company for the financial year 2005-06.
- (e) The total amount of reserves to be utilized for issue of bonus shares may vary depending upon the actual number of shares to be issued on the record date, due to non fractional entitlement and the shares will be rounded off to the next whole number.

RESOLVED FURTHER THAT the holders of Warrants convertible

into equity shares shall also be entitled to bonus shares at par with the equity shareholder on the conversion of such warrants into equity shares of the company and such bonus shares shall be issued at the time of conversion, on the same terms on which bonus issue was made.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, and removal of any difficulty or doubt, the Board (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorised to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary; expedient, usual or proper and to settle any question or difficulty that may arise with regard to the issue, allotment, listing etc. of bonus shares as aforesaid or any other matters incidental or consequential thereto.

8. Increase in Borrowing Power of the Board of Directors.

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

"RESOLVED THAT the consent of the Company, be and is hereby accorded to the Board of Directors under Section 293 (1)(d) of the Companies Act, 1956 to borrow any sum or sums of monies from time to time notwithstanding that money or monies to be borrowed by the Company, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business 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, provided, however, the total amount so borrowed including the amount already borrowed shall not exceed Rs.500 Crores (Rupees Five hundred crores only).

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such things and acts as may be necessary and expedient and to settle any matter that may arise in connection therewith."

9. Appointment of Shri Shaleen Toshniwal as Wholtime Director

To consider, and, if thought fit, to pass, with or without modification the following resolution as Special Resolution:-

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310, 314 and 349 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof and subject to such approvals, as may be necessary, consent and approval be and is hereby given to the Company for appointment of Shri Shaleen Toshniwal as Whole-time Director of the Company from 1st November, 2005 upto 30th September, 2010 on the terms & conditions including remuneration and minimum remuneration in the event of absence or inadequacy of profits, as set out below:-

- (i) **Salary :** Rs.75,000/- per month basic salary, which shall be increased every year by Rs.5000/-, in the scale of Rs.75,000-5,000 - 95,000/-.
- (ii) **Commission:** 1% commission on the net profit of the company from 1st April, 2005 onwards, computed in the manner laid down in Section 349 of the Companies Act, 1956.

The commission will be paid subject to overall limit prescribed under schedule XIII and Section 309 of the Companies Act, 1956 and after paying 1% commission to Shri R.L.Toshniwal, Chairman & Managing Director, another 1% commission to Shri Ravi Toshniwal, Jt. Managing Director and further another 1% commission to Shri Rakesh Mehra, Wholtime Director of the Company.

- (iii) **Perquisites :** The perquisites shall be as follows:

PART - A

- (a) **Housing :** Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance charges will be borne by the Company.



- (b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.
- (e) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

PART - B

In addition to the perquisites, Shri Shaleen Toshniwal shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above.

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- (c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART - C

- (a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- (c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri Shaleen Toshniwal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- (d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri Shaleen Toshniwal for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to the Companies Act, 1956, the board of directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the company and Shri Shaleen Toshniwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the company in general meeting.

"RESOLVED FURTHER THAT Shri J.K. Jain, Vice President (F&A) & Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

10. Increase in remuneration payable to Shri R. L. Toshniwal, Chairman & Managing Director

To consider, and, if thought fit, to pass, with or without modification the following resolutions as Special Resolution:-

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof and subject to such approvals, as may be necessary, the salary payable to Shri R. L. Toshniwal as Chairman & Managing Director of the Company is hereby revised with effect from 1st August, 2006 upto 31st July, 2009 on the terms & conditions including remuneration and minimum remuneration in the event of absence or inadequacy of profits, as set out below:-

- (i) **Salary** : Rs.2,20,000/- per month basic salary, which shall be increased every year by Rs.25,000/- in the scale of Rs.2,20,000 - 25,000 - 2,70,000.
- (ii) **Commission** : 1% commission on the net profit of the company from 1st April, 2006 onwards, computed in the manner laid down in the Companies Act, 1956.

The commission will be paid subject to overall limit prescribed under the Companies Act, 1956.

- (iii) **Perquisites** : The perquisites shall be as follows:

PART - A

- (a) **Housing** : Free furnished residential accommodation with gas,

electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance charges will be borne by the Company.

- (b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.
- (e) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

PART - B

In addition to the perquisites, Shri R. L. Toshniwal shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above.

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the company, to the extent not taxable under the Income Tax Act, 1961.
- (b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- (c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART - C

- (a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- (c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri R.L. Toshniwal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- (d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri R. L. Toshniwal for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to the Companies Act, 1956, the board of directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the company and Shri R. L. Toshniwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the company in general meeting.

RESOLVED FURTHER THAT Shri J.K. Jain, Vice President (F&A) & Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

11. Increase in remuneration payable to Shri Ravi Toshniwal, Joint Managing Director

To consider, and, if thought fit, to pass, with or without modification the following resolutions as Special Resolution:-

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof and subject to such approvals, as may be necessary, the salary payable to Shri Ravi Toshniwal as Joint Managing Director of the Company is hereby revised with effect from 1st August, 2006 upto 23rd August, 2007 on the terms & conditions including remuneration and minimum remuneration in the event of absence or inadequacy of profits, as set out below:-

- (i) **Salary** : Rs.170000/- per month basic salary, which shall be increased every year by Rs.25000/- in the scale of Rs.170000-25000-195000.
- (ii) **Commission** : 1% commission on the net profit of the company from 1st April, 2006 onwards, computed in the manner laid down in the Companies Act, 1956.

The commission will be paid subject to overall limit prescribed under the Companies Act, 1956 and after paying 1% commission to Shri R.L.Toshniwal, Chairman & Managing Director of the Company.

- (iii) **Perquisites** : The perquisites shall be as follows:

PART - A

- (a) **Housing** : Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance charges will be borne by the Company.
- (b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.
- (e) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

PART - B

In addition to the perquisites, Shri Ravi Toshniwal shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above.

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- (c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART - C

- (a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- (c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri Ravi Toshniwal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- (d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri Ravi Toshniwal for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to the Companies Act, 1956, the board of directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the company and Shri Ravi Toshniwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the company in general meeting.

RESOLVED FURTHER THAT Shri J.K. Jain, Vice President (F&A) & Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

12. Increase in remuneration payable to Shri Rakesh Mehra, Whole-time Director

To consider, and, if thought fit, to pass, with or without modification the following resolutions as Special Resolution:-

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof and subject to such approvals, as may be necessary, the salary payable to Shri Rakesh Mehra as Whole-time Director of the Company is hereby revised with effect from 1st August, 2006 upto 30th September, 2008 on the terms & conditions including remuneration and minimum remuneration in the event of absence or inadequacy of profits, as

set out below:-

- (i) **Salary** : Rs.170000/- per month basic salary, which shall be increased every year by Rs.25000/- in the scale of Rs.170000- 25000-220000.
- (ii) **Commission** : 1% commission on the net profit of the company from 1st April, 2006 onwards, computed in the manner laid down in the Companies Act, 1956.

The commission will be paid subject to overall limit prescribed under the Companies Act, 1956 and after paying 1% commission to Shri R.L.Toshniwal, Chairman & Managing Director of the Company and another 1% to Shri Ravi Toshniwal, Jt. Managing Director of the Company.

- (iii) **Perquisites** : The perquisites shall be as follows:

PART - A

- (a) **Housing** : Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance charges will be borne by the Company.
- (b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.
- (e) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

PART - B

In addition to the perquisites, Shri Rakesh Mehra shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above.

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- (c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART - C

- (a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- (c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri Rakesh Mehra shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- (d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri Rakesh Mehra for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to the Companies Act, 1956, the board of directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the company and Shri Rakesh Mehra be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the company in general meeting.

RESOLVED FURTHER THAT Shri J.K. Jain, Vice President (F&A) & Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

13. Increase in remuneration payable to Shri Shaleen Toshniwal, Whole-time Director

To consider, and, if thought fit, to pass, with or without modification the following resolutions as Special Resolution:-



"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act., 1956, including any statutory modifications or re-enactment thereof and subject to such approvals, as may be necessary, the salary payable to Shri Shaleen Toshniwal as Whole-time Director of the Company is hereby revised with effect from 1st August, 2006 upto 30th September, 2010 on the terms & conditions including remuneration and minimum remuneration in the event of absence or inadequacy of profits, as set out below:-

- (i) **Salary** : Rs.150000/- per month basic salary, which shall be increased every year by Rs.20000/-, in the scale of Rs.150000-20000-230000.
- (ii) **Commission** : 1% commission on the net profit of the company from 1st April, 2006 onwards, computed in the manner laid down in the Companies Act., 1956.

The commission will be paid subject to overall limit prescribed under the Companies Act., 1956 and after paying 1% commission to Shri R.L.Toshniwal, Chairman & Managing Director of the Company and another 1% to Shri Ravi Toshniwal, Jt. Managing Director of the Company and further another 1% commission to Shri Rakesh Mehra, Wholetime Director.

- (iii) **Perquisites** : The perquisites shall be as follows:

PART - A

- (a) **Housing** : Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance charges will be borne by the Company.
- (b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.
- (e) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

PART - B

In addition to the perquisites, Shri Shaleen Toshniwal shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above.

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- (c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART - C

- (a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- (c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri Shaleen Toshniwal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- (d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri Shaleen Toshniwal for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to the Companies Act, 1956, the board of directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the company and Shri Shaleen Toshniwal be suitably amended to give

effect to such modification, relaxation or variation without any further reference to the members of the company in general meeting.

RESOLVED FURTHER THAT Shri J.K. Jain, Vice President (F&A) & Company Secretary of the Company, be and is hereby authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

14. Delisting of shares from Jaipur Stock Exchange & The Delhi Stock Exchange

To consider, and, if thought fit, to pass, with or without modification the following resolutions as Special Resolution:-

"RESOLVED THAT pursuant to provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreements with Stock Exchanges, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable laws, rules, regulations and guidelines and subject to such conditions and modifications, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, 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 for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company, be and is hereby, accorded to the Board for voluntary de-listing of the Equity Shares and/ or other securities of the Company from the Delhi Stock Exchange Association Ltd. at New Delhi, and The Jaipur Stock Exchange Ltd. at Jaipur.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which terms shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board) be and is hereby authorised to seek voluntary delisting, to take all the necessary steps in this regards and to do all such acts, deeds, matters and things and to execute all such papers, documents, deeds and writing as may be required and/ or desirable for getting voluntary delisting of Equity Shares of the Company from the Stock Exchanges of Delhi and Jaipur.

RESOLVED FURTHER THAT the Board be and is hereby further authorised to delegate the authority and duty vested in it to the Managing Director or any other Director/ Officer of the Company and any professional(s)/agency(ies), to whom the Board considers suitable for doing various act, deeds and things required to be done in this regard."

15. Alteration of Articles of Association

To consider and if thought fit to pass with or without modifications, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, para one i.e. from "Subject to time to time" of sub article (a) of Article No. 86 be and is hereby altered by way of substitution in the manner and to the extent as is set out herein below: -

(a) Unless otherwise determined by the Company in General Meeting each Director shall be entitled to receive out of the funds of the Company for his service in attending meeting of the Board or any Committee of the Board or a general meeting of the Company, a fee as may be fixed by the Board for every meeting attended, not exceeding the amount prescribed under the Companies Act, 1956 and rules framed there under (as amended from time to time), and out of pocket expenses incurred.

Registered Office:

Industrial Area, Dohad Road
BANSWARA-327 001 (Raj.)
Place: Mumbai
Dated : 11th May, 2006

By Order of the Board

J. K. JAIN
Vice President (F&A)
& Company Secretary

NOTES:

1. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy, in order to be effective, should be duly stamped, filled and signed, must be deposited at the registered office of the Company not less than 48 hours before the meeting.
3. M/s. Computech Sharecap Limited is the Registrar and Share Transfer Agent (RTA) for physical shares and is also the depository interface of the company with both CDSL and NSDL.
4. The Register of Members and Shares Transfer Book of the Company shall remain closed from Thursday, 6th July, 2006 to Wednesday, 12th July, 2006 (both days inclusive) in connection with the payment of dividend for the financial year 2005-06.
5. Shareholders are requested to immediately notify to the RTA or the Company any change in their address.
6. The shareholders, who have not converted their shares in demat form, are requested to do so.
7. The payment of dividend, upon declaration by the shareholders at the forthcoming annual general meeting, will be made on or after 16th July, 2006 as under:-
 - (a) To all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end of the day on Wednesday, 5th July, 2006.
 - (b) To all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the company before the closing hours on Wednesday, 5th July, 2006.
8. Members holding shares in physical form are advised to furnish, on or before 5th July, 2006, particulars of their bank account, if changed, to the company to incorporate the same in the dividend warrants.
In case of payments to the shareholders holding shares in dematerialized form, particulars of bank account registered with their depository participants will be considered by the company to incorporate the same in the dividend warrants.
9. The company has declared dividend for the year 2002-03, 2003-04 and 2004-05. The shareholders who have so far not encashed the dividend warrants are hereby informed to encash their dividend warrants by surrendering the same in original to the company and get the demand drafts issued in lieu thereof. As per the provisions of the Companies Act, the unpaid dividend after the expiry of seven years from the date of declaration will be transferred to Investors' Education and Protection Fund.
10. The documents referred to in the proposed resolutions are available for inspection at the Registered office of the Company during working hours between 10.00 A.M. to 1.00 P.M. except on holidays.
11. Queries on accounts and operations may please be sent to the Company 7 days in advance of the Annual General Meeting so that the answers may be made available at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 7**

During the last several years there has been impressive growth in the performance of your company and consequently significant addition to the free reserve. Your company has accumulated reserves and surplus. The Board of Directors at their meeting held on 11th May, 2006, recommended issue of bonus shares in proportion of 1 bonus share of Rs. 10/- for every 2 equity shares held in the share capital of the company by capitalizing a part of the amount standing to the credit of the Share Premium Account.

Pursuant to the provisions of the Articles of Association of the Company and in terms of Guidelines of Securities Exchange Board

of India (SEBI) the capitalization of reserves and bonus issue thereof require approval of the members in general meeting.

Allotment of bonus shares to the non-residents members of the company will be subject to the approval from Reserve Bank of India to whom application will be made in due course.

These bonus shares shall rank pari passu in all respects with the existing fully paid Equity shares.

No fractional entitlements, if any, would be issued by the company. The shares will be rounded off to the next whole number, as a gesture to reward the shareholders.

The allottees of the bonus issue will not be entitled for the dividend, if any, declared by the company for the financial year 2005-06.

Requisite application will be made to the stock exchanges where the existing shares of the company are already listed for permission to deal in such bonus shares.

Further as per the resolution passed by the members in the AGM held on 26.09.2005, the company has issued 15,00,000 warrants to promoters and others on a preferential basis. All the holders of warrants shall also be entitled to bonus issue at par with the equity shareholders. The holders of these warrants shall be eligible to receive their share of this bonus issue, on the date of the conversion of their warrants into equity shares.

The total amount of reserves to be utilized for issue of bonus shares may vary depending upon the actual number of shares to be issued on the record date. This is due to non fractional entitlement and the shares will be rounded off to the next whole number.

The resolution as set out in this notice will be placed before the meeting for the approval of the members.

None of the directors of the company is concerned or interested in this resolution except the directors of the company may be deemed to be concerned or interested in the resolution to the extent of securities that may be allotted to them or to the companies/entities of which they are directors and/or members and/or beneficiaries or by way of conversion of warrants into equity in due course.

Item No. 8

At present the borrowing powers of the Board of Directors are to the extent to an overall limit of Rs.300 Crores (Rupees Three hundred crores only) approved by the Company in its Extra Ordinary General Meeting held on 28th March, 2005. For future growth of business, it is desirable to increase the borrowing powers of the Board of Directors up to an amount not exceeding Rs.500.00 Crores (Rupees Five hundred crores only). Under Section 293 (1) (d) of the Companies Act, 1956, any proposal to increase the borrowing limits to an extent where monies to be borrowed together with monies already borrowed by the company (apart from temporary loans obtained from company's bankers in the ordinary course of business) 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, the same requires the consent of the Shareholders. Accordingly the resolution is proposed.

None of the Directors is interested in this resolution.

Your directors commend the resolution for approval.

Item No. 9 & 13

Shri Shaleen Toshniwal, aged 29 years, is B.Sc. (Management) from U.S.A. and was Executive Director of erstwhile Banswara Textile Mills Ltd. since amalgamated with the company. He is looking after the entire activities of Readymade garment unit at Daman. During his tenure the company has achieved substantial growth both in terms of volume and value. The Board found that he is fit and proper to be appointed as Whole-time Director of the company for a period of five years from 1st November, 2005 to 30th September, 2010.

The remuneration proposed to be paid to Shri Shaleen Toshniwal is set out in the resolution.

**(a) Job Profile**

Shri Shaleen Toshniwal is looking after the entire activities of Daman plant including production, exports and HRD activities.

Considering his skill, your Board is of the opinion that the services of Shri Shaleen Toshniwal as Whole-time Director is required to be availed for allround growth and development of the company.

(b) Comparative Remuneration In the Industry

No such data is available with the company. But the Board is of the view that the remuneration paid / to be paid by the company is totally in line with the excellent performance made by the company under his dedicated services.

(c) Pecuniary relationship with the company and other managerial persons in the company

Shri Shaleen Toshniwal and also the other managerial person in respect of whom the remuneration has been increased do not have any pecuniary relationship with the company except the managerial remuneration drawn by them. Shri Shaleen Toshniwal and Shri Ravi Toshniwal are sons of Shri R.L. Toshniwal and Shri Rakesh Mehra, Wholtime Director of the Company, is son-in-law of Shri R.L. Toshniwal. Except this relationship and the remuneration proposed to be paid to all the four Wholtime directors, including Shri Shaleen Toshniwal, they do not have any pecuniary relationship with the company or any other managerial person in the company.

Looking to the sincere, dedicated and committed services rendered by Shri Shaleen Toshniwal, Board of Directors in its meeting held on 29.10.2005 has appointed him as Wholtime Director of the Company as per terms and conditions set out in the resolution.

In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the director shall, subject to the approval of the central government, if required, be paid remuneration by way of salary and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in schedule XIII to the Companies Act, 1956, from time to time.

The revision in terms of remuneration, which will be effective from 1st August, 2006 for a period of five years has been made in line with the current trends in remuneration in the industry and particularly considering the immense contribution made by the appointee to the performance of the company.

The company has not made any default in repayment of its debts (including public deposit or interest payable thereon). The company has not issued any debentures.

None of the Directors except Shri Shaleen Toshniwal, himself, Shri R. L. Toshniwal, father, Shri Ravi Toshniwal, Brother and Shri Rakesh Mehra, brother-in-law of Shri Shaleen Toshniwal are in anyway concerned or interested in the above resolution.

This should be considered as an abstract of the terms of appointment and payment of remuneration and a memorandum as to the nature of the concern or interest of the director as required under section 302 of the Companies Act, 1956.

Shri Shaleen Toshniwal holds 610,275 no. of equity shares of Rs. 10 each in the Company, as on date of this Notice.

Your directors commend the resolution for approval.

Item No. 10, 11 & 12

- (i) Shri R.L. Toshniwal, aged 72 years, is a textile technocrat from Leads University, England and has vast experience of over 43 years in the field of textile industry. Before joining the company he was the chief executive of M/s Oriental Carpets Manufacturing (India) Ltd. He is the promoter director of the company and holding post of Chairman since inception. During his tenure the company has made impressive growth in all the fields both in volume and value as indicated in the Financial Performance. Shri R.L. Toshniwal is looking after overall activities of the company. His remuneration was in the scale of Rs. 1,05,000-5,000-1,25,000/- with perquisites as approved by the shareholders in the Annual General Meeting held on 24th July, 2003. The remuneration proposed

to be paid to Shri R.L. Toshniwal is set out in the resolution.

(a) Job Profile

Shri R.L. Toshniwal is looking after the overall activities of the Company and Management including production, exports and HRD activities.

Considering his skill, your Board is of the opinion that the services of Shri R.L. Toshniwal as Chairman is required to be availed for allround growth and development of the company.

(b) Comparative Remuneration in the Industry

No such data is available with the company. But the Board is of the view that the remuneration paid / to be paid by the company is totally in line with the excellent performance made by the company under his dedicated services.

(c) Pecuniary relationship with the company and other managerial persons in the company.

Shri R.L. Toshniwal and also the other managerial person in respect of whom the remuneration has been increased do not have any pecuniary relationship with the company except the managerial remuneration drawn by them. Shri Shaleen Toshniwal and Shri Ravi Toshniwal are sons of Shri R.L. Toshniwal and Shri Rakesh Mehra, Wholtime Director of the Company, is son-in-law of Shri R.L. Toshniwal. Except this relationship and the remuneration proposed to be paid to all the four directors, including Shri R.L. Toshniwal, they do not have any pecuniary relationship with the company or any other managerial person in the company.

Shri R.L. Toshniwal holds 562,778 no. of equity shares of Rs. 10 each in the Company, as on date of this Notice.

- (ii) Shri Ravi Toshniwal, aged 42 years, is B.Tech. (Chem. Engg.) from IIT, Mumbai and has over 14 years experience in the field of textile industry. He is holding post of Jt. Managing Director. During his tenure the company has made impressive growth in all the fields both in volume and value as indicated in the Financial Performance. Shri Ravi Toshniwal is also looking after overall activities of the company. His remuneration was in the scale of Rs. 80,000-5,000-1,00,000/- with perquisites as approved by the shareholders in the Annual General Meeting held on 13th July, 2004. The remuneration proposed to be paid to Shri Ravi Toshniwal is set out in the resolution.

(a) Job Profile

Shri Ravi Toshniwal is also looking after the overall activities of the Company including production, exports and HRD activities.

Considering his skill, your Board is of the opinion that the services of Shri Ravi Toshniwal as Jt. Managing Director is required to be availed for allround growth and development of the company.

(b) Comparative Remuneration in the Industry

No such data is available with the company. But the Board is of the view that the remuneration paid / to be paid by the company is totally in line with the excellent performance made by the company under his dedicated services.

(c) Pecuniary relationship with the company and other managerial persons in the company.

Shri Ravi Toshniwal and also the other managerial person in respect of whom the remuneration has been increased do not have any pecuniary relationship with the company except the managerial remuneration drawn by them. Shri Ravi Toshniwal and Shri Shaleen Toshniwal are sons of Shri R.L. Toshniwal and Shri Rakesh Mehra, Wholtime Director of the Company, is Brother-in-law of Shri Ravi Toshniwal. Except this relationship and the remuneration proposed to be paid to all the four directors, including Shri Ravi Toshniwal, they do not have any pecuniary relationship with the company or any other managerial person in the company.

Shri Ravi Toshniwal holds 568,977 no. of equity shares of Rs. 10 each in the Company, as on date of this Notice.

- (iii) Shri Rakesh Mehra, aged 49 years, is a Chartered Accountant and has over 18 years experience in the field of textile industry.

Before joining the company he was the chief executive of M/s RR Toshniwal Enterprises. He is holding the post of Wholetime Director. During his tenure the company has made impressive growth in all the fields both in volume and value as indicated in the Financial Performance. Shri Rakesh Mehra is mainly looking after yarn exports of the company. His remuneration was in the scale of Rs. 80,000-5,000-1,00,000/- with perquisites as approved by the shareholders in the Annual General Meeting held on 13th July, 2004. The remuneration proposed to be paid to Shri Rakesh Mehra is set out in the resolution.

(a) Job Profile

Shri Shri Rakesh Mehra is looking after the yarn export activities of the Company.

Considering his skill, your Board is of the opinion that the services of Shri Rakesh Mehra as Whole-time Director is required to be availed for allround growth and development of the company.

(b) Comparative Remuneration in the Industry

No such data is available with the company. But the Board is of the view that the remuneration paid / to be paid by the company is totally in line with the excellent performance made by the company under his dedicated services.

(c) Pecuniary relationship with the company and other managerial persons in the company.

Shri Rakesh Mehra and also the other managerial person in respect of whom the remuneration has been increased do not have any pecuniary relationship with the company except the managerial remuneration drawn by them. Shri Shaleen Toshniwal and Shri Ravi Toshniwal are brother in law of Shri Rakesh Mehra. Shri R.L. Toshniwal is father in law of Rakesh Mehra. Except this relationship and the remuneration proposed to be paid to all the four directors, including Shri Rakesh Mehra, they do not have any pecuniary relationship with the company or any other managerial person in the company.

Shri Rakesh Mehra holds 10,000 no. of equity shares of Rs. 10 each in the Company, as on date of this Notice.

In view of this, the Board of Directors in its meeting held on 11th May, 2006 has revised remuneration payable to above Chairman and Managing Director, Jt. Managing Director & Wholetime Director as per the terms & conditions as set out in the respective resolution for increase in remuneration.

In the event of loss or inadequacy of profits in any financial year during the tenure of their appointment, they shall, subject to the approval of the central government, if required, be paid remuneration by way of salary and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in schedule XIII to the Companies Act, 1956, from time to time.

The revision in terms of remuneration, has been made in line with the current trends in remuneration in the industry and particularly considering the immense contribution made by them to the performance of the company.

The company has not made any default in repayment of its debts (including public deposit or interest payable thereon). The company has not issued any debentures.

None of the Directors except Shri R. L. Toshniwal, Shri Ravi Toshniwal, Shri Shaleen Toshniwal and Shri Rakesh Mehra, themselves and also related to each other, i.e. Shri R.L. Toshniwal is father of Shri Ravi Toshniwal and Shri Shaleen Toshniwal and Father-in-law of Shri Rakesh Mehra, in anyway concerned or interested in the above resolutions.

This should be considered as an abstract of the terms of appointment and payment of remuneration and a memorandum as to the nature of the concern or interest of the directors as required under section 302 of the Companies Act, 1956.

Your directors commend the resolution for approval.

Item No. 14

Clause 5 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 permits voluntary delisting of securities from one or more Stock Exchanges without giving any exit opportunity, if the company's shares continue to be listed at the Stock Exchanges having nationwide terminals i.e. NSE and BSE. It is proposed to get the equity shares delisted from the Delhi and Jaipur Stock Exchanges as set out in the resolution, in view of the absence of any trading activity in the shares of the company at the said Stock Exchanges. Moreover, all the trading of equity shares of the company took place at the Bombay Stock Exchange Limited (BSE). Hence, the said delisting would provide savings in cost, less paper work, administrative convenience, etc. Moreover the Company's equity shares shall continue to be listed on the Stock Exchange, Mumbai to maintain the liquidity.

The approval of the members is sought to be obtained for delisting of shares of the Company from Delhi and Jaipur Stock Exchanges.

The Board recommends the resolution for approval of members.

None of the Directors of the Company is in any way, concerned or interested in the Resolution except to the extent of their shareholding in the company.

Item No. 15

SEBI has vide its Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated October 29, 2004 amended the listing agreement with the stock exchanges, by substituting the existing clause 49 of the listing agreement with the stock exchanges, with a new clause 49. The said amendment was initially made effective from April 1, 2005. However SEBI has vide its circular No. SEBI/CFD/DIL/CG/1/2005/29/3 dated March 29, 2005 extended the effective date from April 1, 2005 to December 31, 2005.

According to Clause 1(B) of the new clause 49, all fees/ compensation to non-executive shall be fixed by the Board of Directors subject to the ceiling under Companies Act, 1956 and rules framed thereunder as amended from time to time.

At present, the non-executive Directors are paid sitting fees of Rs. 5000/- per meeting of the Board or Committee thereof in terms of the resolution passed by the Board of Directors at its Meeting held on 26th July, 2005, while the maximum prescribed under the proviso to Section 310(1) of the Companies Act, 1956 is Rs. 20,000 per meeting. Moreover, the Articles of Association of the company provides for sitting fees of Rs.5,000 only.

The sitting fees paid to non-executive directors has been fixed by the Board of Directors in terms of Articles of Association of the Company and Section 309 of the Companies Act, 1956. Since the increase in sitting fees would be within the permissible limits of the Companies Act, 1956, however it require alteration in Articles of Association of the Company. The above proposal is being placed before the members for their approval.

The following directors, viz. Shri D.S.Alva, Shri P.Kumar, Shri D.P.Garg, Shri A.N.Jariwala, Shri S.B.Agarwal, Shri Vijay Agarwal, Shri Vijay Mehta and Shri Kamal Kishore Kacholia are concerned or interested in the resolution to the extent of sitting fees that they will receive for attending the meetings of the Board of Directors of the Company/Committees of the Board of Directors of the company.

No other director of the Company is in any way concerned or interested in the resolution.

Your Directors recommends the passing of the resolution.

Registered Office:

Industrial Area, Dohad Road
BANSWARA-327 001 (Raj.)
Place: Mumbai
Dated : 11th May, 2006

By Order of the Board

J. K. JAIN
Vice President (F&A)
& Company Secretary