



# 16th ANNUAL REPORT 2005-06

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**KRITI INDUSTRIES (INDIA) LIMITED**



## VISION STATEMENT

**KRITI** shall stand out in whatever it undertakes by achieving excellence in transforming basic needs into a new experience. On the road to realize this vision, we surrender ourselves to....

- ✧ Cherish mutually satisfying relationship
- ✧ Encourage learning and creativity
- ✧ Use technology appropriately
- ✧ Lend a helping hand to society's developmental needs
- ✧ Be honest and forthright in our approaches
- ✧ Be in harmony with natural order

## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
<b>SALES AND EARNINGS</b>								
Sales & other Income	26655.96	26985.12	26389.10	17416.34	20071.96	17656.29	15306.34	16131.56
Expenditure	25453.48	25901.55	25377.13	16610.79	19014.50	16649.65	14515.27	15170.98
Operating Profit (PBIDT)	1202.48	1083.57	1011.97	805.55	1057.46	1006.64	791.07	960.58
Interest	744.50	624.62	475.80	486.41	589.53	523.73	425.39	441.62
Gross Profit (PBDT)	457.98	458.95	536.16	319.14	467.93	482.91	365.68	518.96
Depreciation	290.34	275.06	234.14	259.12	255.75	228.96	200.83	182.20
Profit before Tax (PBT)	167.64	183.89	302.02	60.02	212.18	253.95	164.85	336.76
Net Profit (PAT)	114.39	167.89	212.02	55.02	181.18	232.45	144.85	287.72
<b>SHAREHOLDERS FUNDS &amp; OTHERS</b>								
Gross Fixed Assets	6205.74	5858.98	4785.70	4562.92	4466.19	4370.02	3509.26	3292.94
Net Fixed Assets	3872.84	3814.01	3015.78	3025.70	3182.92	3340.17	2708.11	2691.76
Investments	13.43	13.40	13.40	21.90	21.90	23.86	23.86	24.11
Net Current Assets	3866.71	2466.11	3488.04	2009.25	2226.49	2608.44	1388.23	1175.02
Miscellaneous Expenditure	-	-	-	5.33	10.65	16.11	22.94	29.77
Equity Share Capital	487.54	487.54	487.54	487.54	487.54	487.54	487.54	487.54
Reserves & Surplus	1700.62	1601.99	1557.73	1406.06	1389.21	1843.42	1633.19	1517.59
Dividend	48.75	48.75	48.75	-	24.38	24.38	24.38	58.51
Dividend per Equity Shares (Rs.)	1.00	1.00	1.00	-	0.50	0.50	0.50	1.20
Earning Per Equity Share (Rs)	2.35	3.44	4.35	0.35	2.18	4.77	2.97	5.90
Book Value per Equity Share (Rs.)	44.88	42.86	41.95	38.73	38.28	47.48	43.03	40.52

## COMPANY'S BRANDS

KASTA	:	Rigid PVC Pipes & Fittings, HDPE Pipes, SWR Pipes & Fittings.
KORESIL	:	Permanently Lubricated & Plain HDPE Duct
KRITI	:	Refined Oil & Soya Meal, Full Fat Soy
MIXWELL	:	Lecithin

<b>BOARD OF DIRECTORS</b>	:	(1) Shri Sajjan Singh Mehta	-	Director
<b>AS ON 24th June, 2006</b>	:	(2) Dr. Swatantra Singh Kothari	-	Director
	:	(3) Shri Pravin Kasliwal	-	Director
	:	(4) Shri Manoj Fadnis	-	Director
	:	(5) Shri Rakesh Kalra	-	Director
	:	(6) Shri R. Venkatachalam	-	Nominee Director (IDBI)
	:	(7) Smt. Purnima Mehta	-	Executive Director
	:	(8) Shri Shiv Singh Mehta	-	Managing Director
<b>AUDITORS</b>	:	M/s. Subhash Deshpande & Company		
		Chartered Accountants,		
		403, Alankar Point, Geeta Bhawan Square, A.B. Road, Indore - 452001		
<b>COMPANY SECRETARY</b>	:	Smt. Mala Jain		
<b>BANKERS</b>	:	(1) State Bank of India		
	:	(2) State Bank of Indore		
	:	(3) State Bank of Travancore		
<b>SHARES LISTED</b>	:	Bombay Stock Exchange Limited, Mumbai		
<b>DEMAT ISIN NUMBER</b>	:	ISIN : INE 479D1012 IN NSDL & CDSL		
<b>REGISTERED OFFICE</b>	:	"Mehta Chambers" 34, Siyaganj Indore - 452007.		
<b>CORPORATE SUPPORT CENTRE</b>	:	"Chetak Chambers" 4th Floor, 14, R.N.T. Marg Indore - 452001.		
<b>SHARE TRANSFER AGENT</b>	:	M/s Ankit Consultancy Pvt. Ltd.		
		2nd Floor, Alankar Point, 4-A, Rajgarh Kothi		
		Geeta Bhawan Chouraha,		
		A.B.Road, Indore - 452001 (M.P)		
<b>WORKS :</b>				
<b>TELECOM NETWORKING</b>	:	Plot No. 75-86 & 13/1, Tarpura, Sector II, Industrial Area,		
<b>EQUIPMENT COMPONENTS</b>	:	Pithampur, Dist. Dhar (M.P.)		
<b>DIVISION</b>				
<b>SOLVENT DIVISION</b>	:	Industrial Area No. 3 Dewas (M.P.)		
<b>ENGINEERING</b>				
<b>MOULDING DIVISION</b>	:	Plot No. C-9, C-10, MIDC, Ranjangaon Near Sirpur, Pune-10 (MS)		

**16th ANNUAL GENERAL MEETING**

**Date** : 25th August, 2006  
**Day** : Friday  
**Time** : 4.00 P.M.  
**Venue** : Hotel Crown Palace  
12-A, Kanchan Bagh  
Indore - 452 001

**CONTENTS****PAGE NO.**

Notice .....	02
Directors' Report .....	09
Management Discussion & Analysis Report ....	12
Corporate Governance Report .....	13
Auditors' Report .....	20
Balance Sheet .....	22
Profit & Loss Accounts .....	23
Notes on Accounts .....	30
Cash Flow Statement .....	36



## NOTICE

NOTICE is hereby given that 16th Annual General Meeting of the Members of KRITI INDUSTRIES (INDIA) LIMITED will be held on Friday the 25th August 2006 at 4.00 P.M. at Hotel Crown Palace, 12-A, Kanchan Bagh, Indore - 452 001 (M.P.) to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended on that date along with the reports of Directors and Auditors thereon.
2. To declare Dividend for the Financial Year ended on 31st March, 2006.
3. To appoint a Director in place of Dr. S. S. Kothari, who retires by rotation and, being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Sajjan Singh Mehta, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board,

Place : Indore

**Shiv Singh Mehta**

Date : 24 th June, 2006

*Managing Director*

### SPECIAL BUSINESS :

6. To Consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

" RESOLVED THAT Shri Manoj Fadnis , who was appointed as an Additional Director of the Company with effect from 24.06.2006 and who, in terms of Section 260 of the Companies Act, 1956 holds office upto the date of this meeting and in respect of whom, a notice has been received under Section 257 of the Companies Act 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation."

7. To Consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

" RESOLVED THAT Shri Rakesh Kalra , who was appointed as an Additional Director of the Company with effect from 24.06.2006 and who, in terms of Section 260 of the Companies Act, 1956 holds office upto the date of this meeting and in respect of whom, a notice has been received under Section 257 of the Companies Act 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation."

8. To Consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 269, 309, 314 and other applicable provisions, if any, of the Companies Act 1956, read with Schedule XIII thereof (including any statutory modification or re-enactment thereof , for the time being in force) the Company hereby accords its approval to the re -appointment of Smt. Purnima Mehta as the Wholtime Director of the Company for a period of 5 years with effect from 1st July, 2006 on the remuneration and terms and conditions mentioned in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to increase, reduce, alter or vary the terms of remuneration in such manner from time to time as the Board may deem fit within the limits specified in Schedule XIII of the said Act, as existing or as amended, modified or re-enacted from time to time.

RESOLVED FURTHER THAT pursuant to Section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration as set out in the enclosed explanatory statement be paid as minimum remuneration to Smt. Purnima Mehta notwithstanding that in any financial year of the Company during her tenure as whole time Director, the Company has made no profit or profits are inadequate."

9. To consider and if thought fit, to pass with or without modification, the following as an Ordinary Resolution.

"RESOLVED THAT pursuant to provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be increased from Rs.50000000/- (Rupees Five Crores only) divided into 5000000 Equity Shares of Rs.10/- each to Rs.100000000/- (Rupees Ten Crores only) divided into 10000000 Equity Shares of Rs.10/- each by creation of 5000000 Equity Shares of Rs.10/- each to rank pari-passu with the existing Equity Shares.

RESOLVED FURTHER THAT the existing clause V of the Memorandum of Association of the company be substituted by the following clauses:

#### CLAUSE - V

"The Authorized Share Capital of the Company is Rs.100000000/- (Rs.Ten Crores only) divided into 10000000 (One Crore) Equity Shares of Rs.10/- each. The Company has power, from time to time, to increase or reduce its Capital and to divide the Shares in the Capital for the time being into other clauses and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such right, privilege or conditions or restrictions in such manner as may for the time being permitted by the Articles of Association of the Company or the legislative provisions for the time being in force in that behalf."

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the Article 3 of the Articles of Association of the Company be substituted by the following Article 3"

#### ARTICLE 3

The Authorized Share Capital of the Company is Rs.100000000/- (Rupees Ten Crores) divided in 10000000 (One Crore) Equity Shares of Rs.10/-(Rupees Ten) each.

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

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification/s, re-enactment/s thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company and subject to the regulations prescribed in this behalf by the Government of India and subject to the Guidelines, Regulations and clarifications issued by the Securities & Exchange Board of India (SEBI) for the time being in force, and the Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company are enlisted and subject to such other statutory approvals, consents, permissions and sanctions, consent as may be necessary and subject to such condition and modifications as may be prescribed, stipulated or imposed by them while granting such approvals, consents, permission, sanctions and the like and which may be agreed to by the Board of Directors of the Company (hereinafter called the Board which term shall include, any duly constituted and authorized committee thereof), the approval of the Company be and is hereby accorded to the Board of Directors of the Company to create, offer, issue and allot 1325000 fully paid equity shares of Rs. 10/- each at a price of Rs. 25/- (inclusive of premium of Rs.15/- per share), determined in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000 on Preferential Issues by private placement to the "promoters" of the company (which shall include the promoter/ group companies/ associates and relatives/ person acting in concert).

RESOLVED FURTHER THAT the Board be and is hereby authorized to decide and





approve any of the terms and conditions of the issue of shares on preferential basis and to vary, modify, alter any of the terms and conditions, including the size/price of the issue, as it may deem expedient subject, however, to compliance with the applicable guidelines, rules, regulations and notifications.

RESOLVED FURTHER THAT issue of equity shares as above shall be subject to the following terms and conditions:

1. The new equity shares to be allotted shall be subject to Memorandum and Articles of Association of the Company and the terms of issue.
2. The new equity shares issued shall be subject to compliance of Clause 40A of the listing agreement, and in the event that the open offer made by the Promoters in compliance of SEBI (SAST) Regulations, 1997 results in the aggregate holding of the promoters exceeding the limits of 75% i.e. reduction of non - promoter holding to below 25% of the issued equity capital required to be maintained for the purpose of listing on a continuous basis then the promoters shall take any of the steps specified in Clause 40 A (viii) (c) or (d) to raise the public shareholding to the minimum level within one year of closure of open offer in consultation with the stock exchange.
3. The allottees shall on the date of allotment, pay an amount equivalent to 100% of the total consideration for the new shares issued.
4. The entire pre preferential allotment shareholding of the aforesaid allottees shall be under lock-in upto a period of six months from the date of preferential allotment.
5. The new equity shares and the price per share shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring.
6. The new equity shares issued to promoters etc shall be locked in for a period of three years from the date of allotment subject to a maximum of 20% of the total capital of the

Company in accordance with Clause 13.3.1 (b) of SEBI Guidelines for Preferential Issues. However the entire share issued on preferential basis will be locked in for minimum period of 1 year from the date of their allotment in accordance with clause 13.3.1 (c) of the SEBI guidelines.

FURTHER RESOLVED THAT the "relevant date" in relation to the new equity shares for the purpose would be 26th July, 2006 being the date 30 days prior to the date of passing of this Resolution.

FURTHER RESOLVED THAT the new shares, when allotted, shall rank pari passu in all respects with and carry the same right, including as to dividend with the existing Equity Shares of the Company.

FURTHER RESOLVED THAT the Board / Committee be and is hereby authorized to accept the terms, conditions and stipulations made by the regulatory authorities while granting approval to the Company for the Issue of Securities as aforesaid.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to delegate all or any of the power herein conferred by this resolution to any director or directors or to any committee of director(s) or any other officer or officers of the Company and to do all such acts, matters things and deeds and to take all such steps and do all such things and give all such directions as the Board may consider necessary, expedient or desirable and also to settle any question or difficulties or doubts that may arise in regard to the offer/ issue, allotment/conversion and utilization of the proceeds and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient as the Board, in its absolute discretion may deem fit and take all such steps which are incidental and ancillary in this regard."

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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IN ORDER TO BE VALID AND EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE AFORESAID MEETING.

2. The Register of Members and Share Transfer Books of the Company will be closed from Monday the 21st August, 2006 to Friday the 25th August, 2006 (both days inclusive) for payments of dividend on Equity Shares.

### 3. DIVIDENDS

- A. The Dividend, if approved by members at the ensuing Annual General Meeting, will be paid from the next day of AGM to those members whose names stand registered on 25th August, 2006.
  - i. As members in the Register of Members; and
  - ii. As beneficial owners as per details furnished by the Depositories for this purpose.

Members are requested to inform the Company immediately, if not already informed, particulars of Bank Account, i.e Name and address of of the Bank and its Branch and the type of account and its number for the purpose of inclusion of particulars on the Dividend Warrant to minimise the risk of fraudulent encashment.

- B. Members who have not yet encashed their Dividend warrants for the year 1998-99 and subsequent years are advised to approach the Company in order to have their Dividend Warrants revalidated. Dividend which remain unclaimed for a period of 7 years from the date of their declaration will be transferred to the Investor Education and Protection Fund of the Central Government under section 205A of the Companies Act, 1956, Further, once the unclaimed dividend is transferred to the aforesaid account as above, no claim shall lie in respect of such amounts. Please note that unpaid Dividend

for and upto the financial year ending 31st March, 1998 has been already transferred to Central Government Account / Investor Education and Protection Fund.

4. As per the provisions of Section 109 of the Companies Act, 1956, facility for making nomination is now available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrar of the Company.
5. Members attending the meeting are requested to bring with them the attendance slip duly filled in to be handed at the entrance of the meeting hall. They are requested to bring their copy of the Annual Report to the meeting.
6. Members are requested to :
  - A. Notify immediately any change in their address to the Company quoting their folio numbers.
  - B. Inform their client ID and DP ID numbers if they hold shares in dematerialised form.
  - C. Inform the Company their Income Tax Permanent Account Number (PAN), if any, if not informed earlier.
  - D. Send to the Company details of all folios, if holding shares in identical order of names in more than one folio, together with the Share Certificates for consolidating the folios into one. The Share Certificates will be returned to members after making the requisite endorsement thereon.
  - E. Write to the Company at least 7 days before the date of the meeting, if any information with regard to accounts are required, so as to enable the management to keep the information ready.

### Information regarding retiring Directors and appointed directors :

At the ensuing Annual General Meeting, Dr. S.S. Kothari and Shri Sajjan Singh Mehta will be reappointed as Directors and Shri Manoj Fadnis and Shri Rakesh Kalra will be appointed as directors. Their bio-data are given below:



Name of the Director	Dr. S.S. Kothari	Shri Sajjan Singh Mehta	Shri Manoj Fadnis	Shri Rakesh Kalra
Date of Birth	15-05-1930	26-07-1927	16-07-1962	11-09-1949
Date of appointment	24-04-1992	16-03-1990	24-06-2006	24-06-2006
Expertise in Specific areas	Company Law, Taxation & Accounting and Economics	Marketing and Administration	Company Law, Taxation & Accounting	Business Management
Qualification	Ph.D (Econ.), FCA	B.Sc.	FCA	M.E.
List of Outside Directorship held	Jayshree Tea & Industries Ltd. Maharaja Shree Umaid Mills Ltd. Uniworth Biotech Limited Pratappur Sugar & Industries Ltd. Kothari Management & Industrial Consultants Pvt. Limited.	Sakam Investment Pvt. Limited Chetak Builders Pvt. Limited.	None	None
Chairman/ Member of the committees of the Board of Directors of the Company	Member : Remuneration Committee	Chairman : Investors' Grievance Committee	None	None
Chairman / member of the Committees of Director of other companies in which he/she is a Director				
(a) Audit Committee	Jayshree Tea & Industries Limited- Chairman Maharaja Shree Umaid Mills Ltd.- Member Pratappur Sugar & Industries Ltd.- Member Jayshree Tea & Industries Ltd.- Member Maharaja Shree Umaid Mills Ltd.- Member Jayshree Tea & Industries Ltd.- Member	None	None	None
(b) Shareholder Committee				
(C) Remuneration Committee				
(d) Compensation committee				



**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 6.**

Shri Manoj Fadnis was appointed as an Additional Director of the Company on the 24th June, 2006 to hold office till the date of ensuing Annual General Meeting of the Company. Notice has been received from one of the member of Company pursuant to Section 257 of the Companies Act, 1956 along with the deposits of Rs. 500/-, proposing the name of Shri Manoj Fadnis to be appointed as Director of the Company subject to the retirement by rotation. Mr. Fadnis is a fellow member of the Institute of Chartered Accountant of India with more than 18 years post-qualification experience.

Your Directors feel that his appointment as Director will be of benefit to the Company and therefore recommend the resolution for your approval.

**Memorandum of Interest**

None of the Directors except for Shri Manoj Fadnis is concerned and / or interested in the resolution proposed at item no. 6 of the Notice since the aforesaid resolution relates to his appointment.

**ITEM NO. 7.**

Shri Rakesh Kalra was appointed as an Additional Director of the Company on the 24th June, 2006 to hold office till the date of ensuing Annual General Meeting of the Company. Notice has been received from one of the member of Company pursuant to Section 257 of the Companies Act, 1956 along with the deposits of Rs. 500/-, proposing the name of Shri Rakesh Kalra to be appointed as Director of the Company subject to the retirement by rotation. Mr. Rakesh Kalra is M.E. and enriched experience of more than 25 years in business management.

Your Directors feel that his appointment as Director will be of benefit to the Company and therefore recommend the resolution for your approval.

**Memorandum of Interest**

None of the Directors except for Shri Rakesh Kalra is concerned and / or interested in the resolution proposed at item no. 7 of the Notice since the aforesaid resolution relates to his appointment.

**ITEM NO.8**

Annual General Meeting held on 27th September, 2001 re-appointed Smt. Purnima Mehta as Whole time Director of the Company for a period of five years from 1st July, 2001. Smt. Purnima Mehta is B.A(Hons.) in Economics and has also done her MBA. She has in-depth experience of 13 years in trade and industry. The Board of Directors of the Company is of the opinion that under the initiative and direction of Smt. Purnima Mehta, the Company has benefited in its overall operations. Hence the Board of Directors recommend the following resolution for re-appointment w.e.f. 1st July, 2006 for the approval of

Members in ensuing Annual General Meeting of the Company on the following terms and conditions:

- a) Basis Salary : Rs.60000/- per month.
- b) House Rent Allowance : Equivalent to 25% of Salary.
- c) Leave Travel Allowance : Reimbursement once in a year subject to a maximum of one month's Salary.
- d) Medical Allowance : Reimbursement during the year subject to a ceiling of one month's Salary.
- e) Ex-gratia : Equivalent to one month's Salary for every financial year.
- f) Gratuity payment computed at half a month's Salary for each completed year of service.
- g) Payment of Club fees including life membership fees.
- h) Free telephone facility at residence.
- i) Free use of Car with driver."

Note : Sitting fees will not be paid for attending meetings of the Board of Directors or Committees thereof.

The notice and explanatory statement may be treated as an abstract of the terms and conditions of appointment and remuneration payable to Smt. Purnima Mehta, as required under Section 302 of the Companies Act, 1956.

**Memorandum of Interest**

Except Smt. Purnima Mehta herself, Shri Shiv Singh Mehta, Shri S.S. Mehta and Dr. S.S. Kothari being relative of Smt. Purnima Mehta who may be deemed to be interested, no other Directors are concerned or interested in the resolution.

**ITEM NO.9**

Present Authorized Share Capital of the Company is Rs.5.00 crores divided into 5000000 Equity Shares of Rs.10/- each. In view of several expansion /diversification/new project that are under consideration of the Company, it may be necessary to raise further Share Capital in the near future. Therefore your Directors consider it necessary to increase the Authorized Share Capital of the Company to Rs.10.00 crores by creating 5000000 new Equity Shares of Rs.10/- each and to amend Clause V of the Memorandum of Association of the Company to this effect. The increase in Authorized Share Capital as such, requires the approval of Shareholders in General Meeting under Section 94 of the Companies Act, 1956. Hence the proposed resolution. Your Directors recommend the resolution to be passed.

None of the Directors are concerned or interested in the proposed resolution.

**ITEM NO. 10**

In view of the increase in the Authorized Share Capital, Article 3 of the Article of Association of the Company needs to be amended by Special resolution under Section 31 of the Companies Act, 1956. Hence the proposed resolution.

Your Directors recommend the resolution to be passed as a Special resolution.

None of the Directors are concerned or interested in the proposed resolution.

**ITEM NO.11**

In order to meet fund requirements for the expansion of the existing engineering plastics operations of the Company and also for growing Working Capital needs, it is proposed to issue 1325000 (Thirteen Lakh twenty-five thousand) equity shares of Rs. 10/-each on Preferential basis by private placement at a price of Rs. 25/- (which includes a premium of Rs. 15/- per share) determined as per the SEBI (Disclosure and Investor Protection) Guidelines, 2000 on Preferential Issues.

Accordingly, the consent of the members is being sought pursuant to the provisions of 81(1A) and all other applicable provisions of the Companies Act, 1956, and in terms of Listing Agreement with the Stock Exchanges to the proposed issue of Equity Shares as contained in the 'Special Resolution' in such form and manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

The details of such issue, in accordance with the SEBI guidelines are as follows:

- 1 Objects of the Issue : To part finance the expansion of the existing engineering plastics operations of the Company and also for growing Working Capital needs of the Company
- 2 Intention of the Promoters/ Directors / Key Management persons to subscribe to the offer : The Promoter group have shown their interest to subscribe to the offer.
- 3 Proposed time in which the allotment shall be complete : Within 15 days from the date of passing of this resolution. Provided further that in case the allotment on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of such approval.
- 4 The identity of the proposed allottees and the percentage of the post-preferential issue capital that may be held by them.

Name of allottees	Present Holding	New allotment	% of post preferential issue capital
Kriti Corporate Services Private Limited	1167100	640000	29.14%
Chetak Builders Private Limited	562270	685000	20.12%

**Pre and Post Preferential Issue shareholding pattern:**

Sl.No.	Particulars	Pre-Issue		Post- Issue of Shares	
		No. of Equity Shares Held	%	Number	%
<b>A</b>	<b>Promoters Holding</b>				
	1. Promoters	624670	12.81	624670	10.07
	2. Persons acting in Concert	2453914	50.33	3778914	60.95
	Sub- Total	3078584	63.14	4403584	71.02
<b>B</b>	<b>Non Promoters Holding</b>				
	1 Banks, FI's and Insurance Companies		0.00		
	2.Private Corporate Bodies	167276	3.43	167276	2.7
	3.Indian Public	1629080	33.42	1629080	26.27
	4.Others (NRI & OCB)	500	0.01	500	0.01
	<b>Total</b>	<b>4875440</b>	<b>100</b>	<b>6200440</b>	<b>100</b>

**NOTES:**

1.Shares may be issued either to the investors specified above or their affiliates

In accordance with the requirement of the Securities and Exchange Board of India (Disclosure and Investors Protection) Guidelines, 2000, a copy of Certificate issued by Statutory Auditors of the Company, certifying that the issue of the new equity shares is in accordance with the requirements of the Securities and Exchange Board of India (Disclosure and Investors Protection) Guidelines, 2000, will be placed before the meeting.

Except Shri Sajjan Singh Mehta, Shri Singh Mehta and Smt.Purnima Mehta none of the Directors shall be deemed to be concerned or interested in the Resolution.

The Board recommends passing of the Special Resolution by the Members.

Place : Indore  
Date : 26th July, 2006

By order of the Board,

SHIV SINGH MEHTA  
MANAGING DIRECTOR