

# 15th ANNUAL REPORT

2004-2005



**MOHIT**  
**INDUSTRIES LTD.**

**ANNUAL REPORT  
2004-2005**

**BOARD OF DIRECTORS :** **Shri Sitaram Saboo** *Chairman & Managing Director*  
**Shri Narayan Saboo** *Jt. Managing Director*  
**Shri Naresh Saboo**  
**Shri Jayesh Gandhi**  
**Shri Girdhar Mundra**

**AUDITORS :** **Rameshkumar Malpani & Co.**  
*Chartered Accountants*  
401, Trividh Chambers,  
Ring Road, Surat.

**BANKERS :** State Bank of Travancore  
Bank of Baroda

**REGISTERED OFFICE :** 227, Super Yarn Market,  
Zampa Bazar, Surat - 395 003.  
(Gujarat)

**PLANTS :** 1. Village : Kudsad  
Tal : Olpad  
Dist. : Surat (Gujarat)

2. Village : Masat (Silvassa)  
Union Territory of Dadra & Nagar Haveli

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**NOTICE**

**NOTICE** is hereby given that 15th **ANNUAL GENERAL MEETING** of the members of **MOHIT INDUSTRIES LIMITED** will be held on Monday, 25th July 2005 at 10:00 A.M. at 301-302, Super Yarn Market, Zampa Bazar, Surat - 395 003, Gujarat to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2005 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Director's and Auditor's thereon.
2. To declare dividend on Equity Shares.
3. To appoint Mr. Naresh S. Saboo as a Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS:**

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

**"RESOLVED THAT** Mr. Ashok Kumar Sharda be and is hereby appointed as director liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 6,00,00,000/- (Rupees Six Crores only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 16,00,00,000/- (Rupees Sixteen Crores only) divided into 1,60,00,000 (One Crore Sixty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each.

**"RESOLVED FURTHER THAT** pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause "V" of the Memorandum of Association of the Company relating to share capital be and is hereby altered by deleting the same and substituting in its place, the following as new Clause "V":

**V** The Authorised Share Capital of the Company is Rs. 16,00,00,000/- (Rupees Sixteen Crores only) divided into 1,60,00,000 (One Crore Sixty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and rights to attach thereto respectively.

**"RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution"

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

**"RESOLVED THAT** in accordance with the provisions of Section 81, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactments thereof, for the time being in force), and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them 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") and/or a duly authorised committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and

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is hereby accorded to the Board/Committee to issue/offer equity shares, including unclassified shares after classifying them as equity/preference shares and/or convertible debentures (fully or partly) and/or non-convertible debentures, all or any of the aforesaid with or without detachable or non detachable warrants, and/or warrants of any nature, bonds and/or any other financial instruments (hereinafter for brevity's sake referred to as "Securities") as the Board at its sole discretion may at any time or times hereafter decide, to such persons whether or not such persons are members of the Company including Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, whether through public issue, rights issue, conversion of loans or otherwise for expansion of existing manufacturing facilities, setting up new projects, working capital requirements and for general corporate purposes or any other strategic investments as the Board may deem fit, so that the total amount raised through the aforesaid securities including premium, if any, shall not exceed Rs. 30 Crores, with or without voting rights in General Meetings/Class Meetings of the Company as may be permitted under the prevailing laws, at such price or prices, or in such manner as the Board or Committee thereof may in its absolute discretion think fit, in consultation with the lead managers, advisors and such other persons and on such terms and conditions including the number of securities to be issued, price, rate of interest, redemption period, manner of redemption, amount of premium or redemption, the number of equity shares allotted on conversion of debt instruments exercise of rights attached with warrants, the ratio of exchange of shares and/or any other financial instruments, period of conversion, fixing of record date or book closure and related or incidental matters."

**"RESOLVED FURTHER THAT** such of the securities to be issued, as are not subscribed may be disposed of by the Board/Committee, thereof, to such persons and in such manner and on such terms as the Board or Committee may in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to enter into and execute all such arrangements/agreements with any person or persons who may be directly connected or involved in such issuing/offering of securities and that the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the issue, offer and allotment of Securities and to give effect to this Resolution."

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

**"RESOLVED THAT** the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for mortgaging and/or Charging of all the immovable and Moveable assets/properties of the Company where so ever situated lying and being both present and future of every nature and kind whatsoever and the whole of the undertaking of the Company together with power to take over the management of the business affairs and Concern of the Company in certain events, to or in favour of any Bank, Financial Institutions or any other private agency that may be required from time to time."

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

**"RESOLVED THAT** pursuant to the provisions of section 293 (1)(d) of the Companies act, 1956, the Company hereby approves and gives consent to the Board of Directors for borrowing money from time to time in excess of paid up capital and free reserves, if any, provided however that the amount borrowed to be borrowed and outstanding at any time shall not exceed the sum of Rs.50,00,00,000/-(Rupees Fifty Crores only) exclusive of the temporary loans obtained from the companies Bankers in the ordinary course of business of the Company."

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

**"RESOLVED THAT** subject to such consents, permissions or sanctions as may be required from any authority, statutory or otherwise, particularly from the Securities and Exchange Board

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of India (SEBI) and pursuant to Section 61 and all other applicable provisions of the Companies Act, 1956 and Guidelines, Rules framed by SEBI in this regard, the Board of Directors of the Company be and is hereby authorised to seek Voluntary Delisting of its Equity Shares listed at the Vadodra Stock Exchange Association Limited, Jaipur Stock Exchange Ltd. and Ahmedabad Stock Exchange and for that matter to apply to the respective Stock Exchanges and/or any other concerned authority(ies) for Voluntary Delisting of the Equity Shares from the said Stock Exchanges.

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to settle all questions, difficulties or doubts as may arise, including power to accept or reject final exit price (if any) with regard to the voluntary delisting of shares as it may in its absolute discretion deem fit."

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its Committee or Director(s) or Officers of the Company to do all such acts, deeds or things, as may be necessary, to give effect to this resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 269,309,198 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and any statutory enactment thereof for the time being in force, the Company hereby approves the Re-appointment and the terms of remuneration of Shri Narayan Saboo as Joint Managing Director of the Company for a period of 5(Five) years with effect from 01.12.2004, upon the terms and conditions as set out in the Explanatory Statement annexed herewith."

**"RESOLVED FURTHER THAT** in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, etc. within such prescribed limits."

**"RESOLVED FURTHER THAT** pursuant to Section 198(4) read with Schedule XIII of the Companies Act, 1956 in the absence of or inadequacy of profit in any financial year, Remuneration and perquisites as approved hereby be paid as a minimum remuneration to the Whole Time Director."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 269,309,198 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and any statutory enactment thereof for the time being in force, the Company hereby approves the Re-appointment and the terms of remuneration of Shri Sitaram Saboo as Chairman and Managing Director of the Company for a period of 5(Five) years with effect from 01.12.2004, upon the terms and conditions as set out in the Explanatory Statement annexed herewith."

**"RESOLVED FURTHER THAT** in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, etc. within such prescribed limits."

**"RESOLVED FURTHER THAT** pursuant to Section 198(4) read with Schedule XIII of the Companies Act, 1956 in the absence of or inadequacy of profit in any financial year, Remuneration and perquisites as approved hereby be paid as a minimum remuneration to the Whole Time Director."

For and On Behalf of the Board of Directors

Place : Surat  
Dated : 27th June, 2005

**SITARAM SABOO**  
CHAIRMAN

**MOHIT INDUSTRIES LIMITED****NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Any instrument appointing a proxy or proxies should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special business under item 5 to 12 is appended hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 21st July, 2005 to Monday, the 25th July, 2005 (both days inclusive).
5. Members/Proxy holders are requested to bring their copies of the Annual Report to the meeting as no further copies would be made available.
6. Dividend on Equity Shares for the financial year ended 31st March, 2005, if declared at the meeting, will be paid on or after Monday, 25th July, 2005 i.e. date of Annual General Meeting to those members whose names appear on the Register of Members:
  - a) as Beneficial owners as at the end of business on Wednesday, 20th July, 2005 as per the list to be furnished by National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) in respect of shares held in demat form.
  - b) As Members in the Register of Members of the Company after giving effect to valid share transfer lodged with the Company, on or before Wednesday, 20th July, 2005.
7. The shareholders are requested to (a) intimate, if shares are held in the same name or in the same order and names, but more than one folio to enable the Company to consolidate the said folios into one folio and (b) notify immediately, any change in their recorded address along with pin code number, to the Registrar & Share Transfer Agent, Adroit Corporate Services Pvt. Ltd. 19, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (East), Mumbai - 400 059
8. The Shareholders seeking information on accounts published herein are requested to kindly furnish their queries to the Company at least ten days before the date of the meeting to facilitate satisfactory replies.

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5**

Mr. Ashok Kumar Sharda is a Professional Chartered Accountant and agreed to join the Board of Directors of the Company. His professional expertise knowledge will help the company to grow further, faster and smother. The Company has received the requisite notices from the members signifying their intention to propose the appointment of Mr. Ashok Kumar Sharda as Director of the Company along with a deposit of Rs. 500/- as per the requirement of the Section 257 of the Companies Act, 1956. Mr. Ashok Kumar Sharda has accorded his consent to act as Director of the Company if appointed by Members..

The Board of Directors propose to appoint Mr. Ashok Kumar Sharda on the Board as a regular Director and hence the resolution is being put before the members for their approval.

None of the Director is, in any way, concerned or interested in the said Resolution.

**Item No. 6**

The present Authorised Share Capital of the Company is Rs. 6,00,00,000/- (Rupees Six Crores only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each. It is proposed to increase the Authorised Capital to Rs. 16,00,00,000/- (Rupees Sixteen Crores only) in the manner as set out in the Notice in accordance with Section 94 of the Companies Act, 1956. The increase of the Authorised Capital of the Company is proposed to enable the board to increase the paid up capital by offering new shares in the best possible manner that may be advised by the expert consultants at appropriate time(s) as the Board may hereafter decide, the issue of further capital.



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The alteration of the capital clause of the Memorandum and Articles of Association of the Company is in accordance with the provisions of Section 16 and 31 of the Companies Act, 1956.

The proposed resolution is, therefore, recommended for your approval.

None of the Directors shall be deemed to be concerned or interested in the said resolution.

### **Item No.7**

The Company has been examining its growth opportunities from time to time in line with the objective of becoming competitive in its business. As a part of its future growth strategy, the Company is expanding its existing manufacturing facilities by adding water jet looms and to meet the working capital requirements.

In order to be able to take up the proposed activities as the Board may decide, the Board of Directors consider that it would become necessary to raise finance at appropriate time(s) by issue of appropriate instruments, at such price or prices, however such amount shall not exceed Rs. 30 Crores, as stated in the resolution.

Consent of the Shareholders is sought to authorise the Board of Directors for issuing Securities as stated in the resolution, which would result in issuance of further shares of the Company.

As the Members are aware, as part of the liberalization in economic policies, the Government of India has permitted free pricing of Equity Issues. The Company, in consultation with its Merchant Bankers and Financial Institutions and other Advisors, will fix the detailed terms of the issue which will be in line with the requirements of guidelines issued by Securities and Exchange Board of India (SEBI).

The Resolution set out at Item No.7 is enabling resolution, conferring authority on the Board to cover all contingencies and corporate requirements.

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, such further shares shall 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.

The Listing Agreement with the Stock Exchanges provide, inter alia, that the Company in the first instance should offer all the shares and debentures issue for subscription pro rata to the equity shareholders unless the shareholders decide otherwise in a general meeting.

Accordingly, consent of the Shareholder 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 Listing Agreement executed by the Company with the various Stock Exchange in India where the Company's Securities are listed.

The proposed resolution is, therefore, recommended for your approval.

All the Directors of the Company may be deemed to be concerned or interested to the extent that they may be entitled to the Securities that will be offered to them on Rights basis or otherwise and applied for and allotted to them.

### **Item No. 8 & 9**

Company's expansion plans may require company to borrow money and create charge on the assets of the company by way of mortgage, Charge on the immovable and Moveable assets/ properties of the Company. Company has taken such approvals from the shareholders in 1995 but as a matter of abundant precautions and to cover all present and future assets of the Company under such permission necessary resolution is placed in the Notice for your kind approval.

Company's ambitious expansion plans may require the company to borrow funds from banks and financial institutions in excess of present borrowing powers of the Board. Therefore resolution increasing authority of the Board is placed in the Notice for your kind approval.

The proposed resolutions are, therefore, recommended for your approval.

None of the Directors shall be deemed to be concerned or interested in the said resolution.

### **Item No.10**

At the last Annual General Meeting, company has already taken permission of shareholders for De-listing of shares pursuant to SEBI Guidelines for delisting of securities, viz. SEBI (Delisting of

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Securities) Guidelines, 2003. Company is taking steps for de-listing of shares from the Vadodara, Ahmedabad & Jaipur Stock Exchange. As per guideline the resolution should not be more than one year old, management decided to take fresh approval of the shareholders in continuation of the consent taken at the last AGM.

Necessary information as per SEBI guidelines are given herein below.

The securities of the Company are listed on the following Stock Exchanges for a period specified against their names.

<u>Name of Stock Exchanges</u>	<u>Listed since (date)</u>
Jaipur Stock Exchange Ltd., Jaipur	Date of Public Offer
Vadodara Stock Exchange Association Ltd.	-- AS ABOVE--
The Stock Exchange, Ahmedabad	-- AS ABOVE--

The promoter propose to delist its equity shares from all the above Stock Exchanges.

Purpose & necessity of delisting:

Since no trading is being taking place on all the above stock exchanges and now SEBI also allows the Company to get the shares delisted from such Stock Exchanges by following the prescribed procedure, to save the cost of the company, it is decided to get the shares delisted.

Since shares of the Company will continue to be listed on BSE, no exit price is offered to the investors as per the SEBI (Delisting of Securities) Guidelines 2003.

The Directors recommend the resolution for acceptance.

None of the Directors is interested in this resolution.

**Item No.11**

Shri Narayan Saboo is Joint Managing Director of the Company since 01/12/99, his term of office as Joint Managing Director expired on 30/11/04. Board of Directors have re-appointed Shri Narayan Saboo as Joint Managing Director of the company subject to approval of Shareholders at the General Meeting for a further term of 5 years w.e.f. 01/12/04 on following terms and conditions.

**REMUNERATION & PERQUISITES**

1. Salary : Shri Narayan Saboo shall be paid a monthly salary of Rs. 25,000/- (Rs. Twenty Five Thousand Only) inclusive of dearness and all other allowances.
2. Perquisites : In addition to the above salary, Shri Narayan Saboo shall also be provided the following perquisites.

**CATEGORY A**

- (i) Housing :
  - a) The Company shall provide owned/leased free furnished accommodation.
  - b) Where the company does not provide accommodation to the Whole Time Director, House Rent Allowance may be paid by the company @ 60% of the basic salary.
  - c) The expenditure incurred by the company on gas, electricity, water and furnishing will be valued as per the Income tax Rules, 1962 and shall be subject to a ceiling of 10% of the salary.
- (ii) Medical reimbursement : Expenses incurred for self and family subject to a ceiling of one month salary per year or three months salary in a period of three years.
- (iii) Leave Travel Concession: For self and family once in a year in accordance with the rules of the company.
- (iv) Club Fees: Fees of Clubs subject to maximum of two clubs, admission and life membership fees not being allowed.
- (v) Personal Accident Insurance : For an amount the annual premium of which does not exceed Rs. 4000/-.

**CATEGORY B**

- (i) Contribution to Provident Fund, Superannuation Funds or annuity fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the income tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.



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- (ii) Leave as per company's rules, Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisite.

**CATEGORY C**

- (i) Free use of Company's car with driver on Company's business and telephone at residence will not be considered as perquisites.
- (ii) Personal long distance calls and use of car for private purpose shall be billed by the company.
- (iii) Reimbursement of entertainment expenses, traveling and all other expenses, actually and properly incurred for the purpose of Company's business.
- (iv) No sitting fees shall be paid for attending the meeting of Board of Directors or Committee thereof.

Notwithstanding anything contained hereinabove, Shri Narayan Saboo shall be entitled to the payment of minimum remuneration which shall be calculated as the salary mentioned in para 1 hereinabove as reduced by 10% thereof and perquisites mentioned hereinabove in the event of any inadequacy or absence of profits for a period of 5 years from 01/12/2004 to 30/11/2009.

On approval of this resolution Board of Directors will re-enter in an agreement with Shri Narayan Saboo. The terms stated herein above may be treated as an Explanatory Statement, pursuant to section 302 of the Companies Act, 1956.

Shri Sitaram Saboo and Shri Naresh Saboo being relatives of Shri Narayan Saboo are interested in the resolution alongwith Shri Narayan Saboo.

Board recommend the resolution for adoption.

**Item No.12**

Shri Sitaram Saboo is Chairman and Managing Director of the Company since 01/12/99, his term of office as Chairman and Managing Director expired on 30/11/04. Board of Directors have re-appointed Shri Sitaram Saboo as Chairman and Managing Director of the company subject to approval of Shareholders at the General Meeting for a further term of 5 years w.e.f. 01/12/04 on following terms and conditions.

**REMUNERATION & PERQUISITES**

1. Salary : Shri Sitaram Saboo shall be paid a monthly salary of Rs. 25,000/- (Rs. Twenty Five Thousand Only) inclusive of dearness and all other allowances.
2. Perquisites : In addition to the above salary, Shri Sitaram Saboo shall also be provided the following perquisites.

**CATEGORY A**

- (i) Housing :
- a) The Company shall provide owned/leased free furnished accommodation.
  - b) Where the company does not provide accommodation to the Whole Time Director, House Rent Allowance may be paid by the company @ 60% of the basic salary.
  - c) The expenditure incurred by the company on gas, electricity, water and furnishing will be valued as per the Income tax Rules, 1962 and shall be subject to a ceiling of 10% of the salary.
- (ii) Medical reimbursement : Expenses incurred for self and family subject to a ceiling of one month salary per year or three months salary in a period of three years.
- (iii) Leave Travel Concession: For self and family once in a year in accordance with the rules of the company.
- (iv) Club Fees: Fees of Clubs subject to maximum of two clubs, admission and life membership fees not being allowed.

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- (v) Personal Accident Insurance : For an amount the annual premium of which does not exceed Rs. 4000/-.

**CATEGORY B**

- (i) Contribution to Provident Fund, Superannuation Funds or annuity fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the income tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- (ii) Leave as per company's rules, Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisite.

**CATEGORY C**

- (i) Free use of Company's car with driver on Company's business and telephone at residence will not be considered as perquisites.
- (ii) Personal long distance calls and use of car for private purpose shall be billed by the company.
- (iii) Reimbursement of entertainment expenses, traveling and all other expenses, actually and properly incurred for the purpose of Company's business.
- (iv) No sitting fees shall be paid for attending the meeting of Board of Directors of Committee thereof.

Notwithstanding anything contained hereinabove, Shri Sitaram Saboo shall be entitled to the payment of minimum remuneration which shall be calculated as the salary mentioned in para 1 hereinabove as reduced by 10% thereof and perquisites mentioned hereinabove in the event of any inadequacy or absence of profits for a period of 5 years from 01/12/2004 to 30/11/2009.

On approval of this resolution Board of Directors will re-enter in an agreement with Shri Sitaram Saboo. The terms stated herein above may be treated as an Explanatory Statement, pursuant to section 302 of the Companies Act, 1956.

Shri Narayan Saboo and Shri Naresh Saboo being relatives of Shri Sitaram Saboo are interested in the resolution alongwith Shri Sitaram Saboo.

Board recommend the resolution for adoption.

For and On Behalf of the Board of Directors

Place : Surat

Dated : 27th June, 2005

**SITARAM SABOO**  
CHAIRMAN

**BRIEF RESUME OF PERSONS PROPOSED TO BE APPOINTED/RE-APPOINTED AS DIRECTORS OF THE COMPANY AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT:**

Name	Naresh S. Saboo	Ashok Kumar Sharda
Age	31 Years	41 Years
Qualification	HSC	F.C.A.
Nature of Expertise	Manufacturing	Chartered Accountant
Experience	13 Years	20 Years
Name of Companies in which holds Directorship	NIL	Fairgrowth Insurance Services Pvt. Ltd.
Name of the companies in committees of which also holds Membership / Chairmanship	NIL	NIL