

POLYSPIN EXPORTS LTD

(100% EXPORT ORIENTED UNIT)

RAJAPALAYAM.



*Twentieth Annual Report and Balance sheet
as at 31st March 2005*

POLYSPIN EXPORTS LIMITED

Minutes of the Proceedings of the Twentieth Annual General Meeting of the Share Holders of the Company held at 9.30.A.M. on Monday , the 26th September 2005 at "Sri Arjuna Mandiram " Rajapalayam.

Present :

Sri. S. R. Subramaniam	-	Director
Sri. A. Thirupathy Raja	-	Director
Sri. S. V. Ravi	-	Director
Sri. R. Ramji	-	Joint Managing Director

Sri. P. S. Ramanathan	-	Secretary
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Sri. S. R. Subramanian took the chair.

The meeting was attended by 123 Shareholders as per the attendance slip and two proxies and 14 by the Register.

After ascertaining that the requisite quorum was present the Chairman called the meeting to order.

With the permission of the member the notice calling the AGM was taken as read.

The Shareholders considered the Balance Sheet as at 31st March 2005 , the Profit & Loss A/c for the period ended on that date the Directors Report and Auditors Report attached thereto.

Sri. P. N. Perumal Raja proposed and Sri. P.R. Pillaiyar Raja seconded the following resolution as an ordinary resolution and the same was passed unanimously.

"RESOLVED THAT the Profit & Loss Account for the year ended 31st March 2005 and the Balance Sheet as on that date and the Auditors Report thereon and the Directors Report be and are hereby adopted".

- : 2 :-

Sri. C.M.D. Dharmakrishna Raja proposed and Sri. S.M. Dhanuskodi Raja seconded the following resolution as an Ordinary resolution and the same was adopted unanimously.

“RESOLVED THAT a dividend at the rate of 0.60 paise (6%) on Equity Shares of Rs. 10 each of the company for the year ended 31st March 2005 be paid to the Shareholders of the company whose name appear on the Register of Member of the company as on this date of Annual General Meeting”.

Sri. P.A. Damodara Raja proposed and Sri. P.A. Ayyanar Raja seconded the following resolution as an ordinary resolution and the same was adopted unanimously.

“RESOLVED THAT Sri. S.R. Subramanian Director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as Director of the Company “.

Sri. S.M. Sankar Raja proposed and Sri. P.M. Balasubramaniya Raja Seconded the following resolution as an ordinary resolution and the same was adopted unanimously.

“RESOLVED THAT Sri. S. Shankar, Director who retires by rotation and being eligible for re-appointment be and is hereby re appointed as Director of the company.

Sri S. Alak Proposed and Sri. K. Paul Raj seconded the following resolution as an ordinary resolution and the same was adopted unanimously.

“RESOLVED THAT Sri. S.V. Ravi, Director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as Director of the Company”.

- : 3 : -

Sri. S.N. Radhakrishna Raja proposed and Sri. Chellaya Mudali Seconded the following resolution as an ordinary resolution and the same was adopted unanimously.

“RESOLVED THAT M/s. Krishnan & Raman Chartered Accountants, Rajapalayam the retiring Auditors of the company be and are hereby appointed as Auditors of the company to hold office until the conclusion of the next Annual General Meeting on a remuneration of Rs. 25,000/-

Sri. P. Vaidyananthan proposed and Sri. P.K. Muthukrishnan Raja seconded the following as an Ordinary Resolution and the same was adopted an Ordinary resolution unanimously.

“ RESOLVED THAT pursuant to the Resolution passed by the Board of Directors of the company in their meeting held on 29 th July 2005, and subject to the provisions of section 198, 309 & 310 read with Schedule XIII and other applicable provisions, if any of the companies Act 1956 and subject to such approvals as may be necessary, the company hereby accords its consent and approval to the reappointment of and the payment of remuneration and perquisites to Sri. A. Rammohan Raja as managing Director of the company for a period of FIVE Years with effect from 1st August 2005 on the following terms and conditions.

- | | | |
|----------------|---|---|
| a. Salary | - | Rs. 60,000/- per month including Dearness and all other allowances |
| b. Commission | - | Three percent commission on the net profits of the company subject to the ceiling of total annual salary. |
| c. Perquisites | - | Perquisites as detailed below are allowed in addition to both salary and commission. It shall be restricted to 50 % salary and commission per annum |

- : 4 : -

CATEGORY "A"

I) Housing - The expenditure incurred by the company on hiring unfurnished accommodation will be subject to a ceiling of 60 % of salary over and above 10% payable by the appointee.

II) Gas, Electricity, Water and Furnishing

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax rules 1962. This will be subject to a ceiling of 10 % of the salary of the appointee.

III) Medical Reimbursement

Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's over a period of 3 years.

IV) Leave and Leave Travel Concession

Leave as per Rules the Company, Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company.

V) Club Fees :

Fees of club subject to a maximum of two clubs. This will not include life membership and admission fees.

VI) Personal Accident Insurance

Personal Accident insurance for an amount the annual premium of which does not exceed Rs.1000/-

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CATEGORY "B"

- I) Company's Contribution to Provident Fund @ 12% of the salary or any Amendment thereto from time to time,
- II) Company's Contribution towards superannuation fund as per the rules of Company's Superannuation Scheme as may be applicable from time to time, provided, however that the Company's contribution to the superannuation fund together with the contribution to the Provident Fund shall not exceed 25 % of the salary.
- III) Gratuity in accordance with the Rules of the company or any amendment thereto from time to time but shall not exceed half a month's salary for each completed year of service.

CATEGORY "C"

- I) Car

Provision for car for use of Company's business will not be considered as perquisites. Use of car for private purpose shall be billed by the company.

- II) Telephone

Provision of telephone at residence will not be considered as perquisite but personal long distance calls shall be billed by the company.

III) Reimbursement of entertainment expenses actually and properly incurred for the business of the company subject to a reasonable ceiling as may be fixed from time to time by the Company.

Sd. (S.R. SUBRAMANIAM)
CHAIRMAN OF THE MEETING
26.09.2005

/ TRUE COPY/

For Polyspin Exports Ltd.,

Secretary

BOARD OF DIRECTORS	:	SHRI A. RAMMOHAN RAJA, <i>Chairman & Managing Director</i> SHRI K. LAKSHMI NARAYANAN SHRI S. KALYANAM SHRI S.R. SUBRAMANIAN SHRI A. THIRUPPATHY RAJA SHRI S. SHANKAR SHRI S.V. RAVI SHRI R. RAMJI, <i>Joint Managing Director</i>
SECRETARY	:	SHRI P.S. RAMANATHAN, B.Com.,B.L.,A.C.S.
AUDITORS	:	M/s. KRISHNAN AND RAMAN, CHARTERED ACCOUNTANTS, RAJAPALAYAM.
BANKERS	:	CITY UNION BANK, STATE BANK OF INDIA, COMMERCIAL BRANCH, RAJAPALAYAM.
REGISTERED OFFICE	:	351, P.A.C.R. SALAI, RAJAPALAYAM - 626 117.
FACTORY & ADMINISTRATIVE OFFICE	:	1, RAILWAY FEEDER ROAD, CHOLAPURAM SOUTH - 626 139. RAJAPALAYAM.
LISTED STOCK EXCHANGE	:	MADRAS STOCK EXCHANGE, POST BOX NO. 183, 11, SECOND LINE BEACH, CHENNAI - 600 001.

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the members of the Company will be held at 9.30 A.M. on Monday, the 26th September, 2005 at Sri Arjuna Manthiram, No. 12, Sri Krishna Colony, P.A.C.R. Salai, Rajapalayam, to transact the following business.

AGENDA

1. To receive and adopt the Balance Sheet as at 31st March, 2005, Profit and Loss Account for the period ended on that date and the reports of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Sri S.R. Subramanian who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Sri S. Shankar who retires by rotation and being eligible offers himself for re-election.
5. To appoint a Director in place of Sri S.V. Ravi who retires by rotation and being eligible offers himself for re-election.
6. To appoint Auditors and fix their remuneration. M/s. Krishnan & Raman, Chartered Accountants, the retiring Auditor is eligible for re-appointment.

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

RE-APPOINTMENT OF SRI A. RAMMOHAN RAJA AS MANAGING DIRECTOR

RESOLVED that pursuant to the Resolution passed by the Board of Directors in their meeting held on 29th July 2005 and subject to the provisions of section 198, 309 & 310 read with schedule XIII and other applicable provisions, if any of the companies Act, 1956 and subject to such approvals as may be necessary, the company hereby accords its consent and approval to the re-appointment of and the payment of remuneration and perquisites to Sri A. RAMMOHAN RAJA as Managing Director of the Company for a period of FIVE years with effect from 1st August, 2005 on the following terms and conditions.

- (a) Salary - Rs. 60,000/- per month including Dearness and all other allowances.
- (b) Commission - Three percent commission on the net profits of the company subject to the ceiling of total annual salary.
- (c) Perquisites - Perquisites as detailed below are allowed in addition to both salary and commission. It shall be restricted to 50% of salary and commission per annum.

CATEGORY 'A'

i) Housing

The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of salary over and above 10% payable by the appointee.

ii) Gas, Electricity, water and Furnishing

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax rules, 1962. This will be subject to a ceiling of 10% of the salary of the appointee.

iii) Medical Reimbursement

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iv) Leave and Leave Travel Concession

Leave as per Rules of the Company. Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company.

v) Club Fees

Fees of club subject to a maximum of two clubs. This will not include life membership and admission fees.

vi) Personal Accident Insurance

Personal Accident Insurance for an amount the annual premium of which does not exceed Rs. 1000/-.

CATEGORY 'B'

i) Company's Contribution to Provident Fund @ 12% of the Salary or any Amendment thereto from time to time.

ii) Company's Contribution towards Superannuation fund as per the rules of Company's Superannuation Scheme as may be applicable from time to time, provided, however that the Company's contribution to the superannuation fund together with the contribution to the Provident Fund shall not exceed 25% of the salary.

iii) Gratuity in accordance with the Rules of the Company or any amendment thereto from time to time but shall not exceed half-a-month's salary for each completed year of service.

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ii) Telephone

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iii) Reimbursement of entertainment expenses actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Company.

By order of the Board,

Place : Rajapalayam

Date : 29.07.2005

P.S. RAMANATHAN

Secretary

Notes :

- (a) 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.
- (b) The instrument appointing a proxy should however be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from 16.09.2005 to 26.09.2005 (both days inclusive.)
- (d) Members are requested to notify immediately change in their address, if any, to the Company quoting their folio numbers.

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

Sri. A. RAMMOHAN RAJA is a Pioneer in Plastic Woven Sack Industry with more than 30 years of experience. His vast professional experience, knowledge and wisdom is an asset to the Company. He, by his constant vigil and application of certain strategy has steered the company in the right direction.

He was reappointed as Managing Director for five years with effect from 01.08.2000. Since the term expires, the Board in the meeting held on 29.07.2005 has reappointed Sri A. Rammohan Raja as Managing Director for a further period of five years with effect from 01.08.2005 on the same salary and perquisites to which he is presently entitled, that is without any changes, subject to the approval of the members of the Company.

None of the Directors are interested except Sri A. RAMMOHAN RAJA, Sri R. RAMJI, and Sri S.V. RAVI are concerned or interested in this business.

By order of the Board,

Place : Rajapalayam

Date : 29.07.2005

P.S. RAMANATHAN

Secretary