



XPRO INDIA LIMITED

ANNUAL REPORT 2006/07

XPRO INDIA LIMITED

Board of Directors

Sri Sidharth Birla

Chairman

Smt. Madhushree Birla

Sri Amitabha Ghosh

Sri Haigreve Khaitan

Sri P. Murari

Sri Utsav Parekh

Sri S. Ragothaman

Sri C. Bhaskar

Managing Director & Chief Executive Officer

Company Secretary

Sri S.C. Jain

Senior Executives

Sri H. Bakshi

President & Chief Operating Officer

Sri Manmohan Krishan

Executive Vice President, Coex Division

Sri U. K. Saraf

Executive Vice President, Thermoforming Unit

Sri Anil Jain

Executive Vice President, Thermosets Division

Sri V K Agarwal

Executive Vice President (F & A)

Registered Office & Biac Division

Barjora-Mejia Road,

P.O. Ghutgoria, Tehsil : Barjora,

Distt : Bankura 722 202, West Bengal

Coex Division

3, Industrial Area, NIT,

Faridabad 121 001, Haryana

32, Udyog Vihar, Greater Noida,

Gautam Budh Nagar 201 306, Uttar Pradesh

Plot E-89, MIDC Industrial Area,

Ranjangaon, Distt. Pune 412 209, Maharashtra

Corporate Office

1, Industrial Area, NIT,

Faridabad 121 001, Haryana

Thermosets Division

Plot E-89, MIDC Industrial Area,

Ranjangaon, Distt. Pune 412 209, Maharashtra

Registrars & Share Transfer Agents

MCS Limited, Sri Venkatesh Bhavan,

W-40, Okhla Industrial Area Phase II,

New Delhi 110 020

Auditors

Until end of the Annual General Meeting:

M/s Khiniji Kunverji & Co.

Proposed herein, for Approval:

M/s Deloitte Haskins & Sells

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NOTICE

TO THE SHAREHOLDERS

Notice is hereby given that the Tenth Annual General Meeting of the Members of Xpro India Limited will be held at the Registered Office of the Company at Barjora-Mejia Road, P.O. Ghutgoria, Tehsil: Barjora, Distt.: Bankura, West Bengal 722 202 on Thursday, July 26, 2007 at 10.30 a.m. to transact the following business:

1. To consider and adopt the Directors' Report and audited Balance Sheet and Profit & Loss Account as at and for the year ended March 31, 2007.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Sri S. Ragothaman who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Smt. Madhushree Birla who retires by rotation and being eligible, offers herself for reappointment.
5. To appoint Auditors of the Company and to fix their remuneration.

The retiring Auditors, M/s Khimji Kunverji & Co., Chartered Accountants, vide their letter dated April 23, 2007 have expressed their inability to continue as Auditors of the Company beyond their present term and the Board has proposed the appointment of M/s Deloitte, Haskins & Sells, Chartered Accountants, as Auditors of the Company at this Annual General Meeting.

Accordingly, appropriate Resolution for the aforesaid matter will be considered at the said Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification the following Resolutions:

6. AS A SPECIAL RESOLUTION

"RESOLVED that pursuant to Sections 198, 309(4) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the payment of commission to the Directors (other than the Whole Time Directors), in addition to the sitting fees for attending the meetings of the Board or Committees thereof, for a period of 5 years commencing from April 1, 2007 at a rate not exceeding 1% (one percent) of the net profits of the Company calculated in accordance with the relevant provisions of the said Act, in each year, to be divided amongst the Directors in such proportion and in such manner as may be decided by the Board.

Provided that the Directors may at their discretion decide the exact amount to be disbursed by way of commission in each such financial year within the limit stipulated above."

7. AS A SPECIAL RESOLUTION

"RESOLVED that in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (the 'Act'), the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the 'Guidelines'), including any amendment of the Act and/or the Guidelines or re-enactment of the Act, and the provisions of the Articles of Association of the Company, and subject to such other approvals and sanctions as may be necessary, the Board of Directors of the Company (the 'Board', which term shall be deemed to include the Remuneration & Nomination Committee thereof discharging the functions of the Compensation Committee) be and is hereby

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authorized to grant, offer and issue to such present and future permanent employees and Directors of the Company (collectively referred to as the 'employees'), as may be decided by the Board, Options exercisable by the employees to subscribe to such number of Equity Shares of the Company under an 'Employee Stock Option Scheme' (the 'Scheme'), not exceeding five per cent of the issued and subscribed Share Capital of the Company as on March 31, 2007 i.e. up to 5,03,750 Equity Shares of Rs.10/- each (as adjusted for any bonus, consolidation or other re-organisation of the capital structure of the Company from time to time), at such price, in such manner, during such period, in one or more tranches, as set out in the Explanatory Statement annexed to this Resolution, and on such other terms and conditions as the Board may decide.

RESOLVED FURTHER that the Board, including any duly authorised Committee thereof, be and is hereby authorized to issue and allot such number of Equity Shares as may be required in pursuance of the Scheme, and that the Equity Shares so issued and allotted shall rank *pari passu* with the then existing Equity Shares of the Company.

RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make any modifications, variations or revisions thereto or to suspend, withdraw, terminate or revive the Scheme from time to time and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable, and to settle all questions, difficulties or doubts that may arise, without the Board being required to seek any further consent/approval of the Members to the end and intent that the Members shall be deemed to have given such consent/approval expressly by the authority of this Resolution."

8. AS A SPECIAL RESOLUTION

"RESOLVED that the benefits of the Employee Stock Option Scheme proposed under Resolution No.7 of this Notice dated April 23, 2007, and duly approved by the Members, be extended to such present and future permanent employees including Managing/Wholtime Directors of such subsidiary companies of the Company, as may be decided by the Board of Directors of the Company (the 'Board', which term shall be deemed to include the Remuneration & Nominations Committee thereof)."

9. AS A SPECIAL RESOLUTION

"RESOLVED that in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, permissions and sanctions of such authorities as may be necessary and subject also to such terms, conditions and modifications as may be prescribed 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' which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot in accordance with the Guidelines on Preferential Issues framed by the Securities & Exchange Board of India (SEBI) in this behalf upto 4,25,000 Equity Shares of Rs.10/- each on preferential basis to the Promoters/Promoter Group of the Company and in such manner and at such price, and on such terms and conditions as may be determined by the Board in accordance with the provisions of Chapter XIII of the SEBI (DIP) Guidelines or other provisions of the law as may be prevailing at the time; provided that the price inclusive of premium on the equity shares so issued shall not be less than the minimum price arrived at in accordance with the provisions of Chapter XIII of SEBI (DIP) Guidelines.

RESOLVED FURTHER that the "relevant date" for the issuance of equity shares as aforesaid as per the provisions of Chapter XIII of the SEBI (DIP) Guidelines, as amended upto date, will be 30 days prior to the date of this Annual General Meeting, i.e., June 26, 2007.

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RESOLVED FURTHER that the equity shares allotted in terms of this resolution shall rank pari passu in all respects with the existing equity shares of the Company subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER that the aforesaid equity shares allotted in terms of this resolution shall be subject to lock in requirements as per the provisions of Chapter XIII of SEBI (DIP) Guidelines.

RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue and allotment of the aforesaid equity shares and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in relation to the proposed offer, issue and allotment of any of the said equity shares, utilization of the issue proceeds and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or any other Director(s) or Officer(s) of the Company to give effect to the resolution."

10. AS A SPECIAL RESOLUTION

"RESOLVED that in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, permissions and sanctions of such authorities as may be necessary and subject also to such terms, conditions and modifications as may be prescribed 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' which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot in accordance with the Guidelines on Preferential Issues framed by the Securities & Exchange Board of India (SEBI) in this behalf upto 5,00,000 Warrants to the Promoters/Promoter Group of the Company entitling the holder of each warrant to apply for and obtain allotment of one equity share against such warrant not before April 1, 2008 and not after December 31, 2008 (hereinafter referred to as the "Warrants"), in such manner and at such price, and on such terms and conditions as may be determined by the Board in accordance with the SEBI (DIP) Guidelines or other provisions of the law as may be prevailing at the time; provided that the minimum price of the Warrants so issued shall not be less than the price arrived at in accordance with the provisions of Chapter XIII of SEBI (DIP) Guidelines.

RESOLVED FURTHER that the 'relevant date' for the preferential issue of Warrants, as per the SEBI (DIP) Guidelines, as amended up to date, for the determination of applicable price for the issue of the abovementioned Warrants will be 30 days prior to the date of this Annual General Meeting i.e. June 26, 2007.

RESOLVED FURTHER that the equity shares allotted on conversion of warrants in terms of this resolution shall rank pari passu in all respects with the existing equity shares of the Company subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue and allotment of aforesaid Warrants and listing of the Equity Shares on conversion with the Stock Exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in relation to the proposed offer, issue and allotment of any of the said Warrants, utilization of the issue proceeds and to do all acts, deeds, matters and

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things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or any other Director(s) or Officer(s) of the Company to give effect to the aforesaid resolution."

Registered Office :

Barjora-Mejia Road, P.O. Ghutgoria
Tehsil: Barjora, Distt.: Bankura
West Bengal 722 202

By Order of the Board

S.C. Jain
Company Secretary

April 23, 2007

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy Form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
3. The Register of Members of the Company will remain closed from July 14, 2007 to July 26, 2007 (both days inclusive).
4. Dividend on Equity Shares declared at the Annual General Meeting will be paid to those Shareholders, whose names appear on the Register of Members of the Company or whose names appear as the beneficial owner(s) of the equity shares of the Company at the close of working hours on July 13, 2007 and the Dividend Warrants will be posted on or before August 14, 2007.
5. Members who continue to hold shares in physical form are requested to intimate any changes in their address immediately with postal pin code to the Company's Registrars & Share Transfer Agents, MCS Ltd., Sri Venkatesh Bhavan, W-40, Okhla Industrial Area Phase II, New Delhi - 110 020 quoting their folio numbers.

Further, please note that in the case of demat shares, any change(s) required in Address, Bank details, Bank Mandate, ECS Mandate, Power of Attorney and also requests for registration of Nomination, Transmission, etc., are to be intimated to your DP and not to the Company or our Registrars.

6. Members holding shares in the same name(s) but under different Ledger Folios, are requested to apply for consolidation of such folios and send the relevant Share Certificates to the Company's Registrar and Share Transfer Agents at New Delhi as stated in Note No.5 above for endorsement of the consolidated folio number.
7. Members are hereby informed that the Company would transfer unpaid/unclaimed dividends, which remains unclaimed over a period of 7 years, to the Investor Education and Protection Fund (IEP Fund) constituted by the Central Government under section 205C of the Companies Act, 1956. Details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to such IEP Fund of the Central Government are as under :-

Financial Year	Date of Declaration	Due date for transfer to IEP Fund
1999-00	July 06, 2000	August 23, 2007
2000-01	July 11, 2001	August 16, 2008
2001-02	July 12, 2002	August 12, 2009
2002-03	July 23, 2003	August 23, 2010
2003-04	July 23, 2004	August 23, 2011
2004-05	June 24, 2005	July 30, 2012
2005-06	July 27, 2006	September 2, 2013

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It may be noted that no claim shall lie against the Company or the Fund in respect of individual amounts which were unclaimed and unpaid for a period of 7 years and transferred to the Fund on respective due dates indicated hereinabove.

In view of the above, Members are advised to claim/encash dividend warrants before due dates for transfer of unclaimed dividend to the IEP Fund.

8. EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956/SEBI Regulations)

Item No.3

Sri S Ragothaman, aged about 61 years, is a Commerce Graduate and Chartered Accountant. He is presently a self-employed professional and was formerly a senior official of ICICI Ltd. He has to his credit vast experience of over 34 years in the field of Finance.

Sri Ragothaman is presently Director on the Boards of Ennore Foundries Ltd., Shreyas Shipping & Logistics Ltd., Southern Iron & Steel Co. Ltd., The Bombay Dyeing & Manufacturing Co. Ltd. & Xpro Global Ltd.

Sri Ragothaman is Chairman of Remuneration Committee, Member of Audit Committee & Share Transfer & Shareholders/Investors Grievance Committee of Ennore Foundries Ltd., Member of Audit Committee & Remuneration Committee of Shreyas Shipping & Logistics Ltd., Chairman of Audit Committee of Southern Iron & Steel Co. Ltd., Member of Audit Committee & Remuneration Committee of The Bombay Dyeing & Mfg. Co. Ltd. besides being Chairman of Audit Committee of the Company.

Sri Ragothaman holds 3493 (0.03%) Equity Shares of the Company.

Except Sri S. Ragothaman, no other Director is interested in the resolution.

Item No.4

Smt. Madhushree Birla, aged about 52 years, graduated from University of Ahmedabad. She has served as Director of various Corporate Bodies at different times. She is presently an Advisor to a Marble Mining Company, renders professional advisory services and is also engaged in social work.

Smt. Birla is presently a Director on the Board of MBA Infosoft Private Ltd. She does not hold any membership of Committees of Board.

Smt. Madhushree Birla holds 50750 (0.50%) Equity Shares of the Company.

Except Sri Sidharth Birla and Smt. Madhushree Birla who are related, no other Director is interested in the resolution.

Item No.6

The Members had approved payment of commission to the non-executive Directors vide special resolution passed at the Annual General Meeting held on July 12, 2002 for a period of 5 financial years commencing from April 1, 2002. The said approval has expired on March 31, 2007.

Since non-executive Directors have to devote considerable time to the business of the Company and the Company is benefited by their expertise and mature advice, it is appropriate that they are paid suitable remuneration by way of a share of the profits of the Company. Further more keeping in view the recent amendments to the Companies Act, 1956 and applicability of SEBI Code for Corporate Governance which have cast onerous responsibilities on non-executive Directors also, it is considered proper and equitable to suitably remunerate the non-executive Directors on the Board. The Board recommends to the members to approve payment of commission to the non-executive Directors in accordance with the provisions of Section 198(1) read with Section 309(4) & 309(7) of the Companies Act, 1956.

All non-executive Directors (not in the employ of the Company) may be deemed to be concerned or interested in this Special Resolution.

Item No. 7 & 8

Your Company appreciates the critical role its employees play in its growth. Your Company strongly feels that the value created by its employees should be shared with them. To promote the culture of employee ownership in your Company, the Board of Directors of your Company at its meeting held on April 23, 2007 resolved to introduce the "Employee Stock Option Scheme-2007" (hereinafter referred to as the "Scheme") subject to the approval of the shareholders and the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended (the "SEBI Guidelines"). The Board of Directors of your Company has also constituted a Remuneration & Nomination Committee comprising of a majority of independent directors which shall perform the functions of a Compensation Committee as envisaged in the SEBI Guidelines to formulate the detailed terms and conditions of the Scheme and shall have the absolute authority and discretion to administer and implement the Scheme in accordance with the SEBI Guidelines.

The approval of the shareholders is, therefore being sought for issue of stock options to the employees of your Company by introduction of the Employee Stock Option Scheme-2007 (the "Scheme").

The salient features of the Scheme are as under:

1. Total number of options to be granted:

Options to be granted under the Scheme shall not result in issue of Equity Shares exceeding 5 per cent of the issued and subscribed Share Capital of the Company as on March 31, 2007 i.e. 5,03,750 Equity Shares of Rs.10/- each (as adjusted for any bonus, consolidation or other re-organisation of the capital structure of the Company from time to time) .

2. Employees entitled to participate in the Scheme:

i) Such present and future permanent employees in the management cadre and Directors of the Company, as may be determined by the Board, but excluding the promoters or persons belonging to the promoter group of the Company, as may be decided by the Compensation Committee from time to time, would be entitled to be granted stock options under the Scheme:

ii) Such present and future permanent employees in the management cadre including Managing/Whole-time Directors of such subsidiary companies, as may be determined by the Board.

Options granted to an employee will not be transferable and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner whatsoever.

3. Requirement of Vesting, Period of Vesting and maximum period within which an option shall be vested:

Vesting to commence after a minimum period of 1 year from the date of grant of Options may extend upto 3 years from the date of grant. Vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as may be determined by the Board.

4. Exercise Price or Pricing Formula:

The exercise price shall be the average closing price of the Company's shares on the National Stock Exchange of India (the 'NSE') in the immediate preceding seven day period (as determined by the Compensation Committee) on the date prior to the date on which the Compensation Committee finalises the specific number of Options to be granted to the Employees discounted by such percentage not exceeding 75% (seventy five per cent) to be determined by the Compensation Committee in the best interest of the various stake holders in the then prevailing market conditions, subject to a minimum exercise price of Rs.10 per share (i.e. at par).

5. Exercise Period and Process of Exercise:

The Exercise Period shall commence from the date of vesting and will expire not later than 5 years from the respective date(s) of vesting of Options.

Options will be exercisable by employees by making application(s) to the Company in such manner as may be prescribed under the Scheme.

Options will lapse if not exercised within the Exercise Period.

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6. Appraisal Process for determining eligibility of employees under the Scheme:

The appraisal process for determining the eligibility of employees and the quantum of Options to be issued to them will include the Company's performance, the level/grade of the employee and such other criteria as may be determined by the Board. Notwithstanding anything contained in Resolution Nos. 7 & 8 or the Explanatory Statement thereto, the Board will have the absolute discretion to determine the eligibility of an employee for grant of Options under the Scheme and the quantum of Options to be granted.

7. Maximum number of Options to be issued per employee and in aggregate:

The number of Options to be issued to an employee under the Scheme would be determined by the Board. However, no single employee shall be granted, in any financial year, Options exceeding 0.5 per cent of the issued and subscribed Share Capital of the Company as on March 31, 2007 i.e. upto 50,375 Equity Shares of Rs.10/- each (as adjusted for any bonus, consolidation or other re-organisation of the capital structure of the Company from time to time). The aggregate of all such grants under the Scheme shall not exceed 5 per cent of the issued and subscribed Share Capital of the Company as on March 31, 2007.

8. Method of Valuation of Options:

The Company will adopt the intrinsic value method of valuation of Options. Notwithstanding the above, the Company may adopt any other method as may be determined by the Board and as permitted under the SEBI Guidelines.

In case the Company calculates the employee compensation cost using the intrinsic value of the Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options, will be disclosed in the Directors' Report as also the impact of this difference on profits and on EPS of the Company.

9. Disclosure and Accounting Policies:

The Company shall comply with the accounting policies prescribed under Clause 13.1 of the SEBI (DIP) Guidelines and all other disclosure requirements and accounting policies prescribed as per the SEBI Guidelines and other applicable laws and regulations.

10. The Options to be granted under the Scheme shall not be treated as an offer or invitation made to the public for subscription in the securities of the Company.

As the Scheme provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per Clause 6 of the SEBI Guidelines.

Accordingly, the Board recommends the resolution as set out above, for your approval as a Special Resolution.

None of the Directors of the Company, is in any way, concerned or interested in the resolution, except to the extent of the stock options or securities that may be offered to them under the Scheme.

Item No. 9 & 10

The Company is exploring various expansion plans and Greenfield Projects aimed at taking the Company to the league of top few producers of Thermoplastic Films, Sheets etc. in the Country. Through this intent and purpose, the Company is proposing to offer, issue and allot securities to Promoters/Promoter Group on a preferential basis in the following manner :-

1. Issuance of upto 4,25,000 equity shares of Rs.10/- each on a preferential basis to the Promoters/Promoter Group in accordance with the provisions of Chapter XIII of the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000 (SEBI (DIP) Guidelines);
2. Issuance of upto 5,00,000 warrants on a preferential basis to the Promoters/Promoter Group entitling the holder of each warrant to apply for and obtain allotment of one equity share against such warrant not before

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April 1, 2008 and not after December 31, 2008 in accordance with the provisions of Chapter XIII of SEBI (DIP) Guidelines (the "Warrants");

The details of the issue and other particulars as required in the Preferential Issue Guidelines in relation to the resolutions proposed under item No. 9 and 10 are given as under :-

i. **Objects of the issue**

To strengthen the long term resource base of the Company, including for meeting working capital and capital expenditure needs;

ii. **Securities to be issued**

The resolutions set out at item No. 9 and 10 of the accompanying Notice are enabling resolutions, entitling the Board to issue to the Promoters/Promoter Group equity shares and warrants entitling the holder of warrants to apply for and obtain allotment of equity shares in such manner and at such price, and on such terms and conditions as may be determined by the Board in accordance with the provisions of Chapter XIII of SEBI (DIP) Guidelines;

iii. **Relevant Date**

The relevant date for the purpose of determining the price of the shares in accordance with the pricing method given in Chapter XIII of SEBI (DIP) Guidelines will be June 26, 2007, being the date which is 30 days prior to the date on which the Annual General Meeting is to be held to consider the proposed issue of shares and warrants;

iv. **Proposed Allottees of the Securities**

The Promoter Group Company viz. M/s Sulej Cotton Mills Supply Agency Limited has indicated in writing its intention to subscribe 4,25,000 equity shares and 5,00,000 warrants under this preferential issue;

v. **Present holding of the Proposed Allottees**

M/s Sulej Cotton Mills Supply Agency Limited holds 11,02,000 shares (10.94 % of voting rights) as on March 31, 2007;

vi. **Price at which the Securities are proposed to be issued**

As per SEBI (DIP) Guidelines, the price for the shares/warrants issued on preferential basis should not be less than the higher of the following :

- a) The average of the weekly high and low of the closing prices of the Company's shares quoted on the National Stock Exchange of India Ltd. during six months preceding the relevant date; or
- b) The average of the weekly high and low of the closing prices of the Company's shares quoted on the National Stock Exchange of India Ltd. during two weeks preceding the relevant date i.e. June 26, 2007.

vii. **Consequential changes, if any, in the Board of Directors of the Company**

None proposed.

viii. **Consequential changes, if any, in the Voting rights.**

As given below.

ix. **Proposed time within which the allotment shall be completed**

The Company shall complete the allotment(s) of equity shares and warrants as aforesaid on or before the expiry of 15 days from the date of passing the resolution of the shareholders granting consent for preferential issue. In case the allotment is pending on account of pendency of any approval of such allotment by any regulatory authority, then the allotment shall be completed within 15 days of such approval.

x. **Terms of issue of Warrants to Promoters**

1. The proposed allottees of warrants shall, on the date of allotment, pay an amount equivalent to 10% of the total consideration per resultant share per warrant, in accordance with SEBI guidelines;