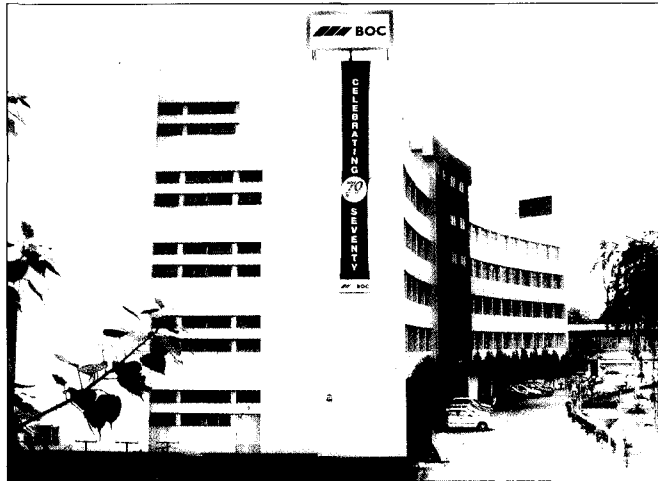




Annual Report 2004-05





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# BOC India Limited

## Notice

Notice is hereby given that the Sixty Ninth Annual General Meeting of the Members of BOC India Limited will be held at the Science City Main Auditorium, JBS Haldane Avenue, Kolkata 700 046 on Monday, 25 July 2005 at 3.00 p.m. to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31 March 2005, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr Jagdish Narain Sapru, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr John Andrew Bevan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and in this connection, to consider and, if thought fit, to pass with or without modification(s), the following resolution which will be proposed as an Ordinary Resolution :  

‘RESOLVED that Messrs Price Waterhouse, Chartered Accountants, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company.’

### As Special Business:

To consider and, if thought fit, to pass with or without modification(s) the following resolutions:

6. As an Ordinary Resolution :  

“RESOLVED that Mr Robert Neil Greenfield, who vacates office as Director under Article 92 of the Company’s Articles of Association, and being

eligible for appointment, be and is hereby appointed as a Director of the Company.”

7. As an Ordinary Resolution :  

“RESOLVED that Mr E R Raj Narayanan, who vacates office as Director under Article 92 of the Company’s Articles of Association, and being eligible for appointment, be and is hereby appointed as a Director of the Company.”
8. As an Ordinary Resolution :  

“RESOLVED that Mr David Neil Lindsay, who vacates office as Director under Article 92 of the Company’s Articles of Association, and being eligible for appointment, be and is hereby appointed as a Director of the Company.”
9. As an Ordinary Resolution :  

“RESOLVED that Mr Sanjiv Lamba, who vacates office as Director under Article 92 of the Company’s Articles of Association, and being eligible for appointment, be and is hereby appointed as a Director of the Company.”
10. As an Ordinary Resolution :  

“RESOLVED that pursuant to the provisions of Sections 269, 309 and 198(4) and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr Sanjiv Lamba as the Managing Director of the Company for a period of two years with effect from 1 October 2004 to 30 September 2006 upon the terms and conditions including remuneration, as set out in the Agreement dated 3 November 2004 entered into between the Company and Mr Lamba be and is hereby approved.”
11. As an Ordinary Resolution :  

“RESOLVED that subject to the approval of the Central Government, if so required and pursuant to the provisions of Sections 269, 309, 310 and 198(4) and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr Srikumar Menon as Finance Director of the Company for a period of three years with effect from 1 August 2004 to 31 July 2007 upon the

revised terms and conditions including remuneration, as set out in the Agreement dated 3 November 2004 entered into between the Company and Mr Menon be and is hereby approved.

RESOLVED further that the Board of Directors of the Company be and is hereby authorised to vary the terms and conditions of the appointment and/or increase the remuneration and perquisites of Mr Menon including the monetary value thereof as specified in the said Agreement to the extent the Board of Directors may consider appropriate as may be permitted under the provisions of the Act, for the time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder and the terms of the aforesaid Agreement between the Company and Mr Menon shall be suitably modified to give effect to such variation or increase as the case may be."

12. As an Ordinary Resolution :

"RESOLVED that subject to the approval of the Central Government, if so required and pursuant to the provisions of Sections 269, 309 and 198(4) and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr E R Raj Narayanan as Wholetime Director with effect from 30 March 2005 to 31 March 2005 and thereafter as Managing Director of the Company for a period of three years with effect from 1 April 2005 to 31 March 2008 upon the terms and conditions including remuneration, as set out in the Agreement dated 17 June 2005 entered into between the Company and Mr Raj Narayanan be and is hereby approved.

RESOLVED further that the Board of Directors of the Company be and is hereby authorised to vary the terms and conditions of the appointment and / or increase the remuneration and perquisites of Mr Raj Narayanan including the monetary value thereof as specified in the aforesaid Agreement to the extent the Board of Directors may consider appropriate as may be permitted under the provisions of the Act, for the time being in force or any statutory modification or re-enactment thereof and / or any Rules or Regulations framed thereunder and the terms of the aforesaid Agreement between the Company and Mr Raj Narayanan shall be suitably modified to give effect to such variation or increase as the case may be."

13. As an Ordinary Resolution :

"RESOLVED that subject to the approval of the Central Government and such consents, permissions and approvals as may be required, and pursuant to the provisions of Sections 269, 309 and 198(4) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, the appointment of Mr David Neil Lindsay as Wholetime Director, designated as Director - Industrial & Special Products of the Company for a period of two years with effect from 30 March 2005 to 29 March 2007 upon the terms and conditions including remuneration, as set out in the Agreement dated 17 June 2005 entered into between the Company and Mr Lindsay be and is hereby approved.

RESOLVED further that the Board of Directors of the Company be and is hereby authorised to vary the terms and conditions of the appointment and / or increase the remuneration and perquisites of Mr Lindsay including the monetary value thereof as specified in the aforesaid Agreement to the extent the Board of Directors may consider appropriate as may be permitted under the provisions of the Act, for the time being in force or any statutory modification or re-enactment thereof and/ or any Rules or Regulations framed thereunder and the terms of the aforesaid Agreement between the Company and Mr Lindsay shall be suitably modified to give effect to such variation or increase as the case may be."

14. As an Ordinary Resolution :

"RESOLVED that the Company be and is hereby authorised to pay Sitting Fees to the Directors of the Company other than the Managing Director(s), Wholetime Director(s) and Non-Executive Director(s) representing The BOC Group plc for attending Meeting(s) of the Board of Directors (the Board) or Committee thereof, as may be determined by the Board from time to time within the limits prescribed under the Companies Act, 1956 or any statutory modification or re-enactment thereof and / or under any rules or regulations framed thereunder or by the Central Government or any other appropriate authority."

15. As a Special Resolution :

"RESOLVED that in supersession of the Special Resolution passed at the 67th Annual General

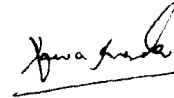
Meeting of the Company held on 14 July 2003 and pursuant to the provisions of Section 163 of the Companies Act, 1956 (the Act), the Company hereby approves keeping of the records relating to the Registers and Indexes of Members and Debenture holders, Returns prepared under Section 159 of the Act together with copies of certificates and documents required to be annexed thereto under Section 161 of the said Act or any one or more of them at the Office of the Company's Registrar and Transfer Agents, Messrs Intime

Spectrum Registry Ltd., 59C Chowringhee Road, 3rd Floor, Kolkata 700 020 and / or at the Registered Office of the Company."

By Order of the Board

**Registered Office:**

Oxygen House  
P 43 Taratala Road  
Kolkata 700 088.  
20 June 2005



PAWAN MARDA  
Company Secretary

**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 such proxy need not be a member of the Company.**

Proxies, in order to be effective, must be received by the Company not less than 48 hours before the commencement of the meeting.

2. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 15 July 2005 to Monday, 25 July 2005 ( both days inclusive).
3. The dividend, as recommended by the Board of Directors, if declared at this Annual General Meeting will be paid to those Members whose names appear on the Register of Members after giving effect to all valid transfer deeds in physical form lodged with the Company on or before 14 July 2005 and in respect of shares held in dematerialised form to the beneficial owners whose names appear in the statements to be furnished by the Depositories for this purpose as at the end of the business hours on 14 July 2005. The dividend declared at the Annual General Meeting shall be paid on 30 July 2005.
4. In terms of the amendment to Section 205A and introduction of Section 205C by the Companies Amendment Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the unpaid/unclaimed 48th dividend for the year ended 30 September 1997 has been transferred to the IEPF. Members who have not encashed the dividend warrants for the 49th dividend for the year ended 31 March 2004 are requested to immediately contact the Company or its Registrar & Transfer Agents for the same.

Members are advised that once the unpaid/ unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

5. Members holding shares in physical form are requested to notify immediately any change in their address including Pin code, Bank Mandate and Income Tax Permanent Account Number details to the Company's Registrar & Transfer Agents, Messrs Intime Spectrum Registry Ltd., 59C Chowringhee Road, 3rd Floor, Kolkata 700 020. Members holding shares in electronic form are requested to furnish this information to their respective depository participants for updation of the changes.
6. Members holding shares in multiple folios in identical names or joint accounts in the same order of names, are requested to consolidate their shareholdings into one folio.
7. Members holding shares in the physical form and desirous of making / changing Nomination in respect of their shareholdings in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B for this purpose to the Company's Registrar & Transfer Agents, Messrs Intime Spectrum Registry Ltd., which is enclosed.

8. **Members are requested to contact Messrs Intime Spectrum Registry Limited, 59C Chowringhee Road, 3rd Floor, Kolkata 700 020 (Phone No. 91-33-2289 0540; Telefax No. 91-33-2289 0539) for reply to their queries / redressal of complaints, if any, or contact the Company Secretary at the Registered Office of the Company (Phone Nos: 91-33-2401 4708; 2401 5172; Fax : 91-33-2401 4974 ; Email: pawan.marda@boci.co.in) for prompt reply to their queries and for redressal of any complaint, which they may have.**
9. Members are requested to bring their Attendance Slips together with their copies of the Annual Reports to the Meeting.
10. **Appointment / Re-appointment of Directors :**

Mr Jagdish Narain Sapru and Mr John Andrew Bevan, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mr Robert Neil Greenfield, Mr E R Raj Narayanan, Mr David Neil Lindsay and Mr Sanjiv Lamba were appointed Additional Directors of the Company by the Board of Directors and it is proposed to appoint them at the Annual General Meeting.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, following information is furnished about the Directors proposed to be appointed / re-appointed :

**Mr Jagdish Narain Sapru**, 71 years old, is a Masters in Economics from the University of Allahabad and is currently the Non-Executive Chairman of the Board of Directors of the Company. He has over 50 years of experience in diverse fields and was the Executive Chairman of ITC Limited from 1983 till his retirement in 1991. Widely reputed in management circles in India, he is currently an Honorary Fellow of the All India Management Association.

Mr Sapru is currently on the Board of the following companies :

| Company                    | Position | Committee Membership held   |
|----------------------------|----------|---|
| DIC India Ltd              | Chairman | Shareholders'/ Investors' Grievance Committee<br>Remuneration Committee<br>Administrative Committee |
| Bay Forge India Ltd.       | Chairman | —   |
| Nicco Parks & Resorts Ltd. | Chairman | —   |
| Philips India Ltd.         | Director | Audit Committee<br>Remuneration Committee   |
| Saregama India Ltd.        | Director | Audit Committee<br>Compensation Committee   |

**Mr John Andrew Bevan**, 48 years old, representing The BOC Group plc is a Bachelor of Commerce (Marketing) from University of NSW, Australia. He has also obtained degrees / diplomas in International Marketing Management from Harvard, USA, Management Development Programme from Mt Eliza, Australia and Strategy and Marketing Programme from Columbia University, USA. Mr Bevan is currently Chief Executive-Process Gas Solutions of The BOC Group plc and is on the Board of The BOC Group plc, Alboc (Jersey) Ltd., BOCIAL (Jersey) Ltd., Valboc Holdings (Jersey) Ltd., Valboc (Jersey) Ltd., BOC Gases Pte Ltd., BOC Lianhwa Industrial Gases Co. Ltd., BOC Edwards Japan Ltd., BOC (China) Holdings Co. Ltd., Japan Air Gases Ltd., and BOC Japan Ltd.

**Mr Robert Neil Greenfield**, 45 years old, is a B.Sc. (Mechanical Engineering) and is the Sr. Vice President, Business Development PGS of the BOC Group plc. Mr Greenfield has over 20 years of experience in the Gases business in the BOC Group, during which he held various senior positions in the Group Companies in South Africa and U.K.

**Mr E R Raj Narayanan**, 43 years old, is a B.Tech. in Chemical Engineering and has a post graduate diploma in Management. Mr Raj Narayanan has over 20 years experience in Marketing and Sales, Operations, Project Management and Development and Financial Management in Speciality Chemicals / Chemical Business. Prior to joining BOC India Ltd., Mr Raj Narayanan was Country Representative - Lanxess Group in India and Managing Director of Lanxess India Pvt. Ltd., a company of Bayer Group in India.

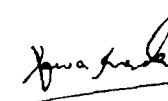
**Mr David Neil Lindsay**, 46 years old, is a B.Sc. in Mechanical Engineering and has rich experience of over 20 years in the Industrial and Special gases business within The BOC Group plc across few countries. Mr Lindsay had earlier worked in BOC India during 1992 to 1996 as General Manager-Operations and prior to his current assignment with the Company, he was General Manager ISP and a Director of Consolidated Industrial Gases Inc, Philippines, a BOC Group Company. Mr Lindsay is also a Chartered Engineer and a Member of The Institute of Mechanical Engineers.

**Mr Sanjiv Lamba**, 40 years old, is a B.Com. (Hons.) and a Chartered Accountant. Mr Lamba joined the Company in the year 1989 and gathered rich experience of the Company's business both in India as well as in the Group Headquarters at U.K. and was the Managing Director of the Company up to 31 March 2005. Mr Lamba has taken up an international assignment with the BOC Group plc since April 2005 and is presently the Business Unit Head, South & South East Asia PGS, based in Singapore. Mr Lamba is presently on the Board of Malaysia Oxygen Berhad, BOC Bangladesh Ltd., Thai Industrial Gases Public Co. Ltd., North Vietnam Industrial Gases Ltd., BOC Pakistan Ltd., Xavier Labour Relations Institute and The Bengal Chamber of Commerce and Industry.

By Order of the Board

**Registered Office:**

Oxygen House  
P 43 Taratala Road  
Kolkata 700 088.  
20 June 2005



PAWAN MARDA  
Company Secretary

**Annexure to the Notice convening the 69th Annual General Meeting  
to be held on Monday, 25 July 2005**

As the business specified in Item Nos. 6 to 15 of the Notice of even date, to which this statement is annexed, are items of special business, to be transacted at the 69th Annual General Meeting of the Company, the following facts are set out in compliance with the provisions of Section 173 of the Companies Act, 1956 :

**Item Nos. 6 to 9**

Mr Robert Neil Greenfield was appointed as an Additional Director of the Company pursuant to Article 92 of the Articles of Association by the Board of Directors at its meeting held on 18 January 2005. In the Board Meeting held on 30 March 2005, Mr E R Raj Narayanan and Mr David Neil Lindsay were appointed with effect from the said date as Additional Directors pursuant to Article 92 of the Articles of Association of the Company. Mr Sanjiv Lamba was appointed as an Additional Director of the Company on 7 June 2005. In accordance with Section 260 of the Companies Act, 1956, the Additional Directors will hold office only up to the date of the ensuing Annual General Meeting of the Company. In terms of Section 257 of the Companies Act, 1956, the Company has received notices from shareholders along with requisite deposits signifying their

intention to propose Mr Greenfield, Mr Raj Narayanan, Mr Lindsay and Mr Lamba as Directors of the Company.

The Board of Directors considers that it would be in the interest of the Company to continue to avail of the services of Mr Greenfield, Mr Raj Narayanan, Mr Lindsay and Mr Lamba as Directors of the Company and therefore recommends the resolutions at item nos. 6 to 9.

Mr Greenfield, Mr Raj Narayanan, Mr Lindsay and Mr Lamba are concerned or interested in the respective resolutions for their appointment as Directors. No other Director is in anyway, concerned or interested in the resolutions at item nos. 6 to 9.

**Item No.10**

Mr Sanjiv Lamba was re-appointed as Managing Director of the Company by the Board of Directors at its meeting held on 21 July 2004 for a new term of two years w.e.f. 1 October 2004 on expiry of his earlier three years term on 30 September 2004, subject to the approval of the Central Government, if so required and Members of the Company. The terms and conditions of his re-appointment including remuneration were set out in the Agreement dated 3 November 2004 entered into

between the Company and Mr Lamba. However, in line with organisational changes within the BOC Group plc, Mr Lamba resigned from the Board with effect from close of business on 31 March 2005 to take up an international assignment as Business Unit Head South & South East Asia PGS with the BOC Group plc based in Singapore. The material terms and conditions of his re-appointment, which were earlier circulated to the Members under Section 302 of the Companies Act, 1956 are as follows:

1. Period of Appointment / Agreement : From 1 October 2004 to 30 September 2006.
2. Basic Salary: Rs.4,00,000 per month.
3. Variable Compensation Pay: As may be decided by the Remuneration Committee and the Board from time to time, subject to a max. of 40% of the Basic Salary for any financial year.
4. Allowances and Perquisites: In addition to the Basic Salary and Variable Compensation Pay, the Agreement also provides for the following perquisites and allowances which shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost :
  - i) Supplementary Allowance of Rs.6,00,000 per annum towards allowances / reimbursement of expenses such as but not limited to gas, electricity, water, furnishings etc.
  - ii) Rent free furnished accomodation whether owned/ leased/ rented by the Company. In case the Company hires the accomodation, the expenditure incurred by the Company on hiring the same will be subject to a limit of 60% of the basic salary.
  - iii) Reimbursement of medical expenses incurred by Mr Lamba for self and his family including dependant parent(s) up to a ceiling of Rs.50,000 per annum.
  - iv) Premium for maintenance of a policy(ies) for Mr Lamba and his family for medical benefits and for his Personal Accident Insurance subject to a maximum of Rs.4,000 per annum.
  - v) Leave Travel Concession of Rs.1,00,000 per annum for self and family.
  - vi) Provision of two cars with driver for official duties of the Company - one such car for use by Mr Lamba exclusively for official purposes / on Company's business and the other car for both official and personal purposes. Provision / reimbursement of expenses of an additional driver under the Company's scheme.
  - vii) Free telephone facility at the residence and a

cellular phone for official use. Cost of personal long distance calls shall be borne by Mr Lamba.

- viii) Fees/ subscriptions of two clubs other than admission/ life membership fees.
5. Minimum Remuneration: Where in any financial year during the currency of the tenure of Mr Lamba, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration by way of basic salary, variable compensation pay, perquisites and allowances etc. to Mr Lamba as Minimum Remuneration.
6. Company's contribution to Provident, Superannuation and Gratuity Funds as per the rules of the respective Funds to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
7. Gratuity at a rate not exceeding one half month's salary for each completed year of service, subject to the ceiling as prescribed under the Income Tax Act.
8. Leave according to the rules applicable to the Wholtime Directors of the Company but not more than one month's leave for every eleven months of service.
9. House Building Loan of Rs.30,00,000 subject to the approval of the Central Government.
10. The Agreement also sets out mutual rights and obligations of the Company and Mr Lamba and details his powers and duties.

The re-appointment of Mr Lamba as aforesaid and remuneration paid to him as Managing Director for the period up to 31 March 2005 is required to be approved by the Members of the Company.

The Board of Directors recommends the passing of the resolution at item no. 10 of the Notice. None of the Directors other than Mr Lamba, is in anyway, concerned or interested in this resolution.

#### Item No.11

At the respective meetings of the Remuneration Committee and the Board of Directors of the Company held on 21 July 2004, the remuneration payable to Mr Srikumar Menon as Finance Director of the Company was revised subject to the approval of the Members of the Company for a new term of three years w.e.f. 1 August 2004. Accordingly, the earlier Agreement entered into between the Company and Mr Menon was determined with mutual consent with effect from that date. The revised terms and conditions of his appointment including remuneration were set out in the Agreement dated 3 November 2004 entered into between the Company and Mr Menon. The material terms and conditions of the



new Agreement, which were earlier circulated to the Members under Section 302 of the Companies Act, 1956 are as follows:

1. Period of Appointment/ Agreement : From 1 August 2004 to 31 July 2007.

2. Basic Salary: Rs.100,000 per month in the scale of Rs. 100,000 - Rs.160,000 per month, with authority to the Remuneration Committee and the Board to give annual increments, which will be merit based and take into account the Company's performance.

3. Variable Compensation Pay: As a percentage of Basic Salary and Special Cash Allowance for each financial year, as may be decided by the Remuneration Committee and the Board from year to year, subject to a max. of 40% of Basic Salary and Special Cash Allowance in any financial year.

4. Allowances and Perquisites: In addition to the Basic Salary and Variable Compensation Pay, Mr Menon shall be entitled to the following perquisites and allowances which shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost :

- i) Special Cash Allowance of Rs.65,000 per month, which will be claimed by Mr Menon towards allowances/ reimbursement of expenses such as but not limited to gas, electricity, water, furnishings etc.
- ii) Rent free unfurnished accomodation whether owned/ leased/ rented by the Company as per rules of the Company.
- iii) Reimbursement of medical expenses incurred by Mr Menon for self and his family including dependant parent(s) up to a ceiling of Rs.36,000 per annum or Rs.1,08,000 in block of three years.
- iv) The Company shall pay premium for maintenance of a policy(ies) for Mr Menon and his family for medical benefits. The Company shall also bear premium of Mr Menon's Personal Accident Insurance subject to a maximum of Rs.1,000 per annum. The Company has also nominated Mr Menon as a keyman under the Keyman Insurance Scheme for Company's executives and will pay premium for maintenance of such policy.
- v) Leave Travel Concession of Rs.100,000 per annum for self and family.
- vi) Provision of two cars with driver as per rules of the Company. One such car shall be used by Mr Menon exclusively for official purposes / on Company's business and the other car shall be used for both official and personal purposes.

vii) Free telephone facility at the residence and a cellular phone for official use. Cost of personal long distance calls shall be borne by Mr Menon.

viii) Fees / subscriptions of two clubs other than admission / life membership fees.

5. Minimum Remuneration: Where in any financial year during the currency of the tenure of Mr Menon, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration by way of salary, variable compensation pay, perquisites and allowances etc. to Mr Menon as Minimum Remuneration.

6. Company's contribution to Provident, Superannuation and Gratuity Funds as per the rules of the respective Funds to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

7. Gratuity at a rate not exceeding one half month's salary for each completed year of service, subject to the ceiling as prescribed under the Income Tax Act.

8. Leave according to the rules applicable to the Wholetime Directors of the Company but not more than one month's leave for every eleven months of service.

9. Mr Menon shall be entitled to white goods up to a total amount of Rs.5,00,000 once in five years (including under the earlier agreement) under the Company's buy back scheme.

10. The Agreement also sets out mutual rights and obligations of the Company and Mr Menon and details his powers and duties.

This resolution is being placed before the Members for approval of the re-appointment of Mr Menon as Finance Director on the revised remuneration w.e.f. 1 August 2004.

The Board of Directors recommends the passing of the resolution at item no. 11 of the Notice. None of the Directors other than Mr Menon, is in anyway, concerned or interested in this resolution.

#### Item No. 12

Mr E R Raj Narayanan was appointed by the Board of Directors at its meeting held on 30 March 2005 as Wholetime Director w.e.f. 30 March 2005 up to 31 March 2005 and thereafter as Managing Director of the Company for a period of three years with effect from 1 April 2005 to 31 March 2008, subject to the approval of the Members of the Company. The material terms and conditions including remuneration of Mr Raj Narayanan as set out in the Agreement dated

17 June 2005 entered into between the Company and Mr Raj Narayanan are as follows:

1. Period of Appointment / Agreement : From 30 March 2005 to 31 March 2005 as Wholetime Director and thereafter from 1 April 2005 to 31 March 2008 as Managing Director.

2. Basic Salary: Rs.2,50,000 per month in the scale of Rs.2,50,000 - Rs.3,50,000 per month with authority to the Remuneration Committee and the Board to give annual increments, which will be merit based and take into account the Company's performance.

3. Variable Compensation Pay: As a percentage of Basic Salary, payable quarterly, as may be considered by the Remuneration Committee and the Board from time to time, subject to a max. of 40% of Basic Salary for every financial year.

4. Allowances and Perquisites: In addition to the Basic Salary and Variable Compensation Pay, Mr Raj Narayanan shall be entitled to the following perquisites and allowances which shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost :

- i) Supplementary Cash Allowance of Rs.11,00,000 per annum, which will be claimed by Mr Raj Narayanan towards allowances/ reimbursement of expenses such as but not limited to gas, electricity, water, furnishings etc.
- ii) Rent free unfurnished accomodation whether owned/ leased/ rented by the Company. In case the Company hires accomodation on lease or rent, the expenditure incurred by the Company for the same will be subject to a limit of Rs.8,00,000 per annum. Where no accomodation is provided by the Company during any period covered under this Agreement, then Mr Raj Narayanan shall be entitled to a House Rent Allowance for such period at a rate of Rs.5,00,000 per annum.
- iii) Reimbursement of medical expenses incurred by Mr Raj Narayanan for self and his family including dependant parent(s) up to a ceiling of Rs.56,000 per annum.
- iv) The Company shall pay premium for maintenance of a policy(ies) for Mr Raj Narayanan and his family for medical benefits. The Company shall also bear premium of Mr Raj Narayanan's Personal Accident Insurance subject to a maximum of Rs.2,000 per annum.
- v) Leave Travel Concession of Rs.1,75,000 per annum for self and family.
- vi) Provision of a car, which shall be used by

Mr Raj Narayanan for both official and personal purposes. He shall also be entitled to a Driver Allowance subject to a maximum of Rs.1,20,000 per annum.

vii) Free telephone facility at the residence and a cellular phone for official use. Cost of personal long distance calls shall be borne by Mr Raj Narayanan.

viii) Fees / subscriptions of two clubs other than admission / life membership fees.

5. Minimum Remuneration: Where in any financial year during the currency of the tenure of Mr Raj Narayanan, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration by way of basic salary, variable compensation pay, perquisites and allowances etc. to Mr Raj Narayanan as Minimum Remuneration.

6. Company's contribution to Provident, Superannuation and Gratuity Funds as per the rules of the respective Funds to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

7. Gratuity at a rate not exceeding one half month's salary for each completed year of service, subject to the ceiling as prescribed under the Income Tax Act.

8. Leave according to the rules applicable to the Wholetime Directors of the Company but not more than one month's leave for every eleven months of service.

9. Mr Raj Narayanan shall be entitled to white goods up to a total amount of Rs.1,50,000 over a period of three years under the Company's buy back scheme.

10. The Agreement also sets out mutual rights and obligations of the Company and Mr Raj Narayanan and details his powers and duties.

This resolution is being placed before the Members for approval of the appointment of Mr Raj Narayanan as above and the remuneration being paid to him.

The Board of Directors recommends the passing of the resolution at item no. 12 of the Notice. None of the Directors, other than Mr Raj Narayanan, is in anyway, concerned or interested in this resolution.

The above should also be considered as an Abstract of the terms of appointment of Mr Raj Narayanan and a Memorandum as to the nature of his concern or interest in the said appointment as required under Sec. 302 of the Companies Act, 1956.

#### Item No. 13

Mr David Neil Lindsay was appointed by the Board of Directors at its meeting held on 30 March 2005 as a