

NOTICE OF 11th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 11th Annual General Meeting of the Members of Ind-Swift Laboratories Limited will be held on Saturday, the 30th day of September, 2006, at 10:00 A.M. at Tagore Theatre, Sector-18, Chandigarh to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Profit and Loss Account for the year ended 31st March, 2006, the Balance sheet as on that date and to receive, consider and adopt the Directors' and Auditors' Reports thereupon.
2. To declare dividend on Preference Shares for the year ending 31st March, 2006.
3. To declare dividend on Equity Shares for the year ending 31st March, 2006.
4. To appoint Director in place of Mr. Himanshu Jain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Director in place of Dr. S.D. Nanda, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions sections 198, 269, 309, 310 read with Schedule XIII 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), the consent of the company be and is hereby accorded to the re-appointment of Mr. N.R. Munjal as Managing Director of the Company for a period of 5 (five) years with effect from 29th March, 2006 as stated in the Explanatory Statement attached to the notice and terms and conditions contained in the agreement to be entered into between the company and Mr. N.R. Munjal and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary terms and conditions of the said agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force or any amendment and modification that may hereafter be made thereto by the Central

Government or as may be agreed to between the Board of Directors and Mr. N.R. Munjal."

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

"RESOLVED THAT pursuant to the provisions sections 198, 269, 309, 310 read with Schedule XIII 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), the consent of the company be and is hereby accorded to the re-appointment of Mr. V.K. Mehta as Joint Managing Director of the Company for a period of 5 (five) years with effect from 1st September, 2006 as stated in the Explanatory Statement attached to the notice and terms and conditions contained in the agreement to be entered into between the company and Mr. V.K. Mehta and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary terms and conditions of the said agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force or any amendment and modification that may hereafter be made thereto by the Central Government or as may be agreed to between the Board of Directors and Mr. V.K. Mehta."

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

"RESOLVED THAT pursuant to the relevant provisions of the Companies Act, 1956 or any other applicable, laws, rules & regulations in this regard and subject to the approval of the Securities and Exchange Board of India, Stock Exchanges and any other statutory authority (if required), the consent of the Company be and is hereby accorded for conversion of existing 3,50,520 Non-Cumulative Redeemable Preference shares of Rs. 100/- each into fully paid equity shares of Rs. 10/- each at a premium of Rs. 82/- per share and that the issue and allotment of the said number of equity shares to the holders of these preference shares arising from or incidental to the aforesaid conversion be and is hereby authorized.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts, deeds and things as may be necessary to give effect to the above resolution."

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

"RESOLVED THAT pursuant to the provisions of section 81(1A) and all other applicable provisions, if any, of the

Companies Act, 1956 (including any amendment thereto or reenactment thereof) and the enabling provisions of 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 the prevailing and approvals and/or sanctions from all appropriate authorities, including the Securities & Exchange Board of India (SEBI), Government of India, Reserve Bank of India, Financial Institution(s), Stock exchanges and all other bodies and Institutions as may be relevant (hereinafter singly or collectively referred to as "the Appropriate Authorities") and subject to such conditions and modification(s) as may be prescribed or imposed by any of them while granting any such consents, permissions, approvals and/or sanctions (hereinafter singly referred to as "the Board" which term shall be deemed to include any committee(s) consisting of one or more members of the Board and/or one or more officials of the company appointed by the Board in its behalf which the Board may constitute to exercise power of the Board) the consent of the Company be and is hereby accorded to the Board, to issue, offer and allot from time to time in one or more tranches through preferential allotment route upto 380950 equity shares of Rs. 10/- each at a price of Rs.92/- per share based on the relevant date, viz, 30th August 2006 to the holders of Non-cumulative Redeemable preference shares upon the conversion of their preference shares into equity.

S.No	Name of Allottees	No. of Shares
1	Essix Biosciences Ltd.	154900
2.	Ind Swift Limited	226050
Total		380950

RESOLVED FURTHER THAT the equity shares so issued and to be allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby specifically authorized to take all such steps and actions to give such direction, as it may in its absolute discretion, deemed necessary or desirable for such purpose and also to settle any question or difficulty that may arise with regard to the proposed issue and allotment of equity shares aforesaid."

11. To consider and if thought fit, to pass with or without modification, the following resolution as **Special Resolution**: Resolved that pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the companies Act, 1956(" the Act") and subject to the SEBI (Employees Stock Option Scheme and

Employees Stock Option Purchase) Guidelines, 1999 ("SEBI Guidelines") (including any statutory modification or re-enactment of the Act or the SEBI guidelines, for the time being in force) and subject to the provisions contained in the Articles of Association of the company and subject to other approvals, permissions, and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permission and sanctions which may be agreed to by the board of Directors (hereinafter referred to as " the Board" which term shall be deemed to include any Committee, including the Remuneration/ Compensation Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution), consent and approval of the company be and is hereby accorded to the Board to the grant, issue, offer and allot at any time or from time to time to the present and future employee(s) including Directors) in the whole time employment of the Company, Selected on the basis of criteria prescribed by the Board in accordance with the SEBI Guidelines, hereinafter referred to as "the Eligible Employees " of the company, except a promoter or a person who belongs to the promoter group, both these expressions being defined in the SEBI Guidelines, under the scheme titled " Ind-Swift Employees Stock Option Scheme 2006" (hereinafter referred to as Plan), such number of options as the Board may decide, which could give rise to the issue of equity shares of the nominal value not exceeding 4.5% of the issued capital of the company as on 31st March, 2006 amounting to Rs. 96,84,000/- (rupees ninety six lacs eighty four thousand only) divided into 9,68,400 (nine lacs sixty eight thousand and four hundred) number of equity shares of the face value of Rs. 10/- each, on such terms and conditions described below:

The offer shall be in accordance with the terms and conditions as regards price, payment, application, allotment, entitlement to dividend and other rights, transferability and all other matters as stipulated by the SEBI Guidelines and in accordance with any other guidelines, rules, regulations and laws to the extent applicable and subject also to the Memorandum and Articles of Association of the Company provided that:

- 1) The equity shares issued upon exercise of the Options shall rank pari passu in all respects with the existing equity shares.
- 2) Each option shall vest in the hands of the Option Grantee (as defined in the SEBI Guidelines) after a minimum of 12 months from the date of grant of the option or such longer period as may be determined by the Board from time to time subject to the condition that the Option Grantee continues to be an employee or director of the Company or the subsidiary of the Company in or outside India.

The maximum vesting period shall be five years from the date of grant of the option or such other period as the Board may determine.

- 3) the Options shall be valid and exercisable for such period as may be prescribed by the board from time to time, but would not exceed a period of ten years from the date of grant of the option to the eligible employees. The options shall be exercised in accordance with the process as may be specified in the plan.
- 4) Each option granted to an eligible employee shall entitle him/her to one equity share of the nominal value of Rs. 10/- each at the market price as defined in the SEBI Guidelines on the date of grant of the options or such other price as may be determined.
- 5) The consideration for the shares to be issued upon exercise of an option may, as determined by the Board at the time of granting the options, be in one or more tranches, consist of cash, cheque or consideration received by the company under a cashless exercise program implemented by the company or any combinations of the foregoing methods of payment subject to fulfillment of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time or any other relevant SEBI Regulations.
- 6) Before granting the options to the employees under the plan, the Board would, apart from examining and evaluating overall group corporate performance, inter-alia, take consideration of the service, grade performance, merit, key position, future potential contribution and conduct of the employee and such other factors as may be deemed appropriate by it.
- 7) The maximum number of options to be granted to each Eligible Employee shall not exceed 25000 shares
- 8) The company shall confirm to the accounting policies mandated by the applicable law or the SEBI Guidelines or any other relevant SEBI Regulations or directions as is applicable to the accounting of such options.
- 9) The Board shall have the power to make reasonable consequential adjustments to the number of options to be exercised and the exercise price in case of corporate actions, such as rights issues, bonus issues, mergers, sale of division and others, provided that such adjustments or alterations do not adversely affect the rights and interests of the Option Grantees and is subject to the terms and conditions specified in the SEBI Guidelines.
- 10) The Board shall have the power to make consequential modifications or substitutions to the terms of the plan, as may deem fit from time to time, provided that such modifications or alterations do not adversely affect the rights and interest of the option Grantees or the members

of the company and subject to the terms and conditions specified in the SEBI Guidelines.

RESOLVED FURTHER THAT without prejudice to the generality of the above, but subject to the terms as approved by the members, the Board be and is hereby authorized to implement the Plan.

RESOLVED FURTHER THAT the Board be and is hereby authorized in whole or in part, to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation to or for implementing the plan.

RESOLVED FURTHER THAT the said options may be granted/equity shares may be allotted in accordance with the Plan framed in that behalf, directly to such Eligible Employees or through a Trust, which may be set up in any permissible manner, or to the Trust to be held on behalf of such Eligible Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable in connection with formation, funding, including any contributions to be made by the Company, administration, operation, etc of a Trust, if the Board deems necessary or desirable, through which the options may be granted/ equity shares may be allotted to the Eligible Employees of the Company.

RESOLVED FURTHER THAT the Board may, at its discretion, or in order to comply with any applicable rules or guidelines, add, amend or put restrictions or any other conditions as it may deem fit.

RESOLVED FURTHER THAT the Plan may also envisage providing any financial assistance to the employees or the Trust to enable the Eligible Employees/ Trust to acquire, purchase or subscribe to the said equity shares of the Company in accordance with the provisions of the Act.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in relation to the implementation of the Plan and to the shares, issued herein without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by authority of this resolution.

RESOLVED FURTHER THAT a Compensation Committee of the Company as constituted by the Board be and is hereby authorized to identify the eligible employees and determine the number of options that

may be offered to them pursuant to the Scheme.

RESOLVED FURTHER THAT the Company shall value the options granted under the Plan, at their 'Fair value' or 'Intrinsic value' defined under the SEBI Guidelines, as the Board deems desirable.

RESOLVED FURTHER THAT in case the Company calculates the employee compensation cost using the intrinsic value of the 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, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings Per Share ('EPS') of the Company shall also be disclosed in the Directors' Report".

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

"**RESOLVED** that pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to the SEBI (Employees Stock Option Scheme and Employees Stock Option Purchase) Guidelines, 1999 ("SEBI Guidelines") (including any statutory modification or re-enactment of the Act or the SEBI Guidelines, for the time being in force) and subject to the provisions contained

in the Articles of Association of the company and subject to other approvals, permissions, and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permission and sanctions which may be agreed to by the board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Remuneration/ Compensation Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution), consent and approval of the company be and is hereby accorded to the board to the grant, issue, offer and allot at any time or from time to time to the present and future employee(s) including Directors) in the whole time employment of the Company, Selected on the basis of criteria prescribed by the Board in accordance with the SEBI Guidelines, hereinafter referred to as "the Eligible Employees" of the company, except a promoter or a person who belongs to the promoter group, both these expressions being defined in the SEBI Guidelines, under the scheme titled "Ind-Swift Subsidiary Companies Employees Stock Option Scheme 2006" (hereinafter referred to as Plan), such number of options as the board may decide, which could give rise to the issue of equity shares of the nominal value not exceeding 0.50% of the issued capital of the company as on 31st March, 2006 amounting to Rs. 10,76,000/-

(rupees ten lac seventy six thousand only) divided into 107600 (one lac seventy six hundred) number of equity shares of the face value of Rs. 10/- each, on such terms and conditions described below:

The offer shall be in accordance with the terms and conditions as regards price, payment, application, allotment, entitlement to dividend and other rights, transferability and all other matters as stipulated by the SEBI Guidelines and in accordance with any other guidelines, rules, regulations and laws to the extent applicable and subject also to the Memorandum and Articles of Association of the Company provided that:

- 1) The equity shares issued upon exercise of the options shall rank pari passu in all respects with the existing equity shares.
- 2) Each option shall vest in the hands of the Option Grantee (as defined in the SEBI Guidelines) after a minimum of 12 months from the date of grant of the option or such longer period as may be determined by the Board from time to time subject to the condition that the Option Grantee continues to be an employee or director of the Company or the subsidiary of the Company in or outside India. The maximum vesting period shall be five years from the date of grant of the option or such other period as the Board may determine.
- 3) The Options shall be valid and exercisable for such period as may be prescribed by the board from time to time, but would not exceed a period of ten years from the date of grant of the option to the eligible employees. The Options shall be exercised in accordance with the process as may be specified in the plan.
- 4) Each option granted to an eligible employee shall entitle him/her to one equity share of the nominal value of Rs. 10/- each at the market price as defined in the SEBI Guidelines on the date of grant of the options or such other price as may be determined.
- 5) The consideration for the shares to be issued upon exercise of an option may, as determined by the board at the time of granting the options, be in one or more tranches, consist of cash, cheque or consideration received by the company under a cashless exercise program implemented by the company or any combinations of the foregoing methods of payment subject to fulfillment of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time or any other relevant SEBI Regulations.
- 6) Before granting the options to the employees under the Plan, the Board would, apart from examining and evaluating overall group corporate performance, inter-alia, take consideration of service, grade performance, merit, key position, future potential contribution and conduct of the employee and such other factors as any

be deemed appropriate by it.

- 7) The maximum number of options to be granted to each Eligible Employee shall not exceed 15000 shares.
- 8) The Company shall confirm to the accounting policies mandated by the applicable law or the SEBI Guidelines or any other relevant SEBI Regulations or direction as is applicable to the accounting of such options.
- 9) The Board shall have the power to make reasonable consequential adjustments to the number of options to be exercised and the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others, provided that such adjustments or alterations do not adversely affect the rights and interests of the Option Grantees and is subject to the terms and conditions specified in the SEBI Guidelines.
- 10) The Board shall have the power to make consequential modifications or substitutions to the terms of the plan, as may deem fit from time to time, provided that such modifications or alterations do not adversely affect the rights and interest of the option Grantees or the members of the company and subject to the terms and conditions specified in the SEBI Guidelines.

RESOLVED FURTHER THAT without prejudice to the generality of the above, but subject to the terms as approved by the members, the Board be and is hereby authorized to implement the Plan.

RESOLVED FURTHER THAT the Board be and is hereby authorized in whole or in part, to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation to or for implementing the Plan.

RESOLVED FURTHER THAT the said options may be granted/equity shares may be allotted in accordance with the Plan framed in that behalf, directly to such Eligible Employees or through a Trust, which may be set up in any permissible manner, or to the trust to be held on behalf of such Eligible Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable in connection with formation, funding, including any contributions to be made by the Company, administration, operation, etc of a Trust, if the Board deems necessary or desirable, through which the options may be granted/ equity shares may be allotted to the Eligible Employees of the Company.

RESOLVED FURTHER THAT the Board may, at its discretion, or in order to comply with any applicable rules

or guidelines, add, amend or put restrictions or any other conditions as it may deem fit.

RESOLVED FURTHER THAT the Scheme may also envisage providing any financial assistance to the employees or the Trust to enable the Eligible Employees/ Trust to acquire, purchase or subscribe to the said equity shares of the Company in accordance with the provisions of the Act.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in relation to the implementation of the Scheme and to the shares, issued herein without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by authority of this resolution.

RESOLVED FURTHER THAT a Compensation Committee of the Company as constituted by the Board be and is hereby authorized to identify the eligible employees and determine the number of options that may be offered to them pursuant to the Plan.

RESOLVED FURTHER THAT the Company shall value the options granted under the Plan, at their 'Fair Value' or 'Intrinsic Value' defined under the SEBI Guidelines, as the Board deems desirable.

RESOLVED FURTHER THAT in case the Company calculates the Employee Compensation cost using the intrinsic value of the 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, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings Per Share ('EPS') of the Company shall also be disclosed in the Directors' Report".

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. THE PROXY TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business as set out above is given below and forms part of the notice.
3. The dividend as recommended by the Board of Directors for the Year ended 31st March 2006, if

declared at this Annual General Meeting will be paid to those members whose names stand registered in the Register of Members as on Monday, September 25, 2006 and in respect of shares held in electronic form, to those 'deemed members' whose names appear in the statement of Beneficial Ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Monday, September 25th, 2006 and dividend warrants will be dispatched before Wednesday, 25th October 2006.

4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 26th September, 2006 to Thursday, 28th September, 2006 (both days inclusive) pursuant to provisions of section 154 of the Companies Act, 1956 and clauses of listing agreement entered into with Stock Exchanges.
5. Members holding shares in physical form are requested to notify/send any change in their address/mandate/ bank details and particulars of their account in case the same have not been sent earlier to the Company's Registrar and Transfer Agent to facilitate better services. Such members, if desired of making a nomination in respect of their shareholding in the company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit details to the Registrar & Transfer Agents of the company, in the prescribed Form 2B for this purpose.
6. Members holding shares in electronic form are advised that address/bank details as furnished to the Company by the respective Depositories viz CDSL & NSDL, will be printed on dividend warrant. Members are requested to inform the concerned Depository Participant of any change in address, dividend mandate etc.
7. Members desirous of having any information as regards accounts are requested to write to the Company at least ten days in advance so as to enable the Management to keep the information ready.
8. Members are requested to bring their copies of the Report to the meeting, as no further copies would be made available.

Place : Chandigarh
Date : 31st August, 2006

By Order of the Board

PARDEEP VERMA
COMPANY SECRETARY

Registered Office:

SCO 493-94, Sector 35-C, Chandigarh

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 173(2) of Companies Act, 1956

Item No. 7

Mr. N.R. Munjal, was re-appointed as Managing Director of the Company by the Board in its Meeting held on 30th January, 2001 for a period of five years w.e.f. 29th March, 2001, the said appointment was ratified by the shareholders in the Annual General Meeting held on 29th September, 2001.

As the term of Mr. N.R. Munjal expired on 28th March, 2006 so the Board of Directors of the company in its meeting held on 14th March, 2006 re-appointed Mr. N.R. Munjal as the Managing Director of the Company for a further period of five years w.e.f. 29th March, 2006 on the same remuneration and other terms & conditions as under

REMUNERATION

i) **SALARY**

Mr. N.R. Munjal Managing Director Rs.4,50,000/- p.m.

ii) **PERQUISITES AND ALLOWANCES**

In addition to the salary payable, Mr. N.R. Munjal shall also be entitled to perquisites and allowances like:-

1. Fully furnished Rent Free Accommodation / House. The appointee shall also be eligible for maintenance of accommodation including furniture, fixtures and furnishings and reimbursement of expenses incurred on gas, electricity and water accommodation including furniture, fixtures and furnishings and reimbursement of expenses incurred on gas, electricity and water.
2. Medical Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for self and family.
3. Leave Travel Assistance- Once a year for self & family as per Rules of the Company.
4. Insurance - Payment of Insurance Premium for Life insurance, Group Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.
5. Club fees - Membership fee of such clubs as may be considered appropriate including admission and life membership fee.
6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund - As per rules of the Company.
7. Gratuity - Upto half a month's salary for each completed year of service.
8. Leave encashment - As per rules of the Company but not exceeding one month's leave for every 11 months of service

9. Conveyance - The Company shall provide one fully insured car with driver and reimbursement of the operational expenses.
10. Telephone, Telefax and other communication facilities.
11. Security - The Company shall provide for round the clock security at the Director's residence.

OTHER TERMS

1. The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.
2. The Director shall not become interested or otherwise concerned directly or through his relative(s) in any selling agency of the company without the prior approval of the Central Government.
3. The remuneration payable to all the Directors on the Board (including the above said Director) during any year, shall not exceed the amount as may be payable as per the limits prescribed under Section 198 and 309 of the Act and in case the aggregate of the total remuneration payable to all the Directors exceeds the above limits, the amount payable to all the Managing /Joint Managing Director / Whole-time Directors (including the above said Director) shall be reduced to the amount permissible as per the said limits and in such event the remuneration payable to such Directors shall be reduced proportionately unless otherwise decided by the Board of Directors.
4. Minimum Remuneration In the event of loss or inadequacy of profits, the total remuneration by way of the Director, shall not exceed the ceiling of Rs. 27,00,000/- p.a. or Rs.2,25,000/-p.m. apart from the perquisites as provided in Section II of Part II of Schedule XIII to the Act, or such other limits as may be specified therein from time to time by any amendments thereto.
5. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Whole-time Director may be terminated by either party by giving six months' notice in writing, of such termination.
6. If, at any time, Mr. N.R Munjal ceases to be the director of the company for any causes whatsoever, his office as Managing Director shall forthwith be terminated.

The resolution seek to obtain the member's approval to the appointment of and payment of remuneration to Mr. N.R. Munjal.

No other director other than Dr. G. Munjal and the appointee, is interested in the proposed resolution.

The notice and explanatory statement may be treated as an abstract of the terms of appointment and payment of remuneration to Mr. N.R. Munjal as required to be circulated under section 302 of the Companies Act,

1956.

Item No. 8

Mr. V.K. Mehta, was re-appointed as Joint Managing Director of the Company by the Board in its Meeting held on 30th July, 2001 for a period of five years w.e.f 1st September, 2001, the said appointment was ratified by the shareholders in the Annual General Meeting held on 29th September, 2001.

As the term of Mr. V.K. Mehta expired on 31st August, 2006 so the Board of Directors of the company in its meeting held on 31st August, 2006 re-appointed Mr. V.K. Mehta as the Joint Managing Director of the Company for a further period of five years w.e.f. 1st September, 2006 on the same remuneration and other terms & conditions as under:

REMUNERATION

i) SALARY

Mr.V.K.Mehta Joint Managing Director
Rs.4,50,000/- p.m.

ii) PERQUISITES AND ALLOWANCES

In addition to the salary payable, Mr. V.K. Mehta shall also be entitled to perquisites and allowances like:-

1. Fully furnished Rent Free Accommodation / House. The appointee shall also be eligible for maintenance of accommodation including furniture, fixtures and furnishings and reimbursement of expenses incurred on gas, electricity and water.
2. Medical Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for self and family.
3. Leave Travel Assistance - Once a year for self & family as per Rules of the Company.
4. Insurance- Payment of Insurance Premium for Life insurance, Group Insurance, Personal Accident Insurance for such amount as may be considered appropriate by the Board.
5. Club fees- Membership fee of such clubs as may be considered appropriate including admission and life membership fee.
6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund- As per rules of the Company.
7. Gratuity - Upto half a month's salary for each completed year of service.
8. Leave encashment- As per rules of the Company but not exceeding one month's leave for every 11 months of service
9. Conveyance- The Company shall provide one fully insured car with driver and reimbursement of the

operational expenses.

10. Telephone, Telefax and other communication facilities.
11. Security- The Company shall provide for round the clock security at the Director's residence.

OTHER TERMS

1. The Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or Committees thereof.
2. The Director shall not become interested or otherwise concerned directly or through his relative(s) in any selling agency of the company without the prior approval of the Central Government.
3. The remuneration payable to all the Directors on the Board (including the above said Director) during any year, shall not exceed the amount as may be payable as per the limits prescribed under Section 198 and 309 of the Act and in case the aggregate of the total remuneration payable to all the Directors exceeds the above limits, the amount payable to all the Managing /Joint Managing Director / Whole-time Directors (including the above said Director) shall be reduced to the amount permissible as per the said limits and in such event the remuneration payable to such Directors shall be reduced proportionately unless otherwise decided by the Board of Directors.
4. Minimum Remuneration In the event of loss or inadequacy of profits, the total remuneration by way of the Director, shall not exceed the ceiling of Rs. 27,00,000/- p.a. or Rs.2,25,000/-p.m. apart from the perquisites as provided in Section II of Part II of Schedule XIII to the Act, or such other limits as may be specified therein from time to time by any amendments thereto.
5. Unless otherwise a shorter period is decided mutually between the Director and the Board of Directors, the office as Whole-time Director may be terminated by either party by giving six months' notice in writing, of such termination.

6. If, at any time, Mr. V.K. Mehta ceases to be the director of the company for any causes whatsoever, his office as Joint Managing Director shall forthwith be terminated.

The resolution seek to obtain the member's approval to the appointment of and payment of remuneration to Mr. V.K. Mehta.

No other director other than Dr. V.R. Mehta, Mr. S.R. Mehta and the appointee, are interested in the proposed resolution.

The notice and explanatory statement may be treated as an abstract of the terms of appointment and payment of remuneration to Mr. V.K. Mehta as required to be circulated under section 302 of the Companies Act, 1956.

Item No.9 & 10

The members had in its Annual General Meeting held on 30th September, 2000 approved the issue of 7,43,300 5% Non-cumulative redeemable preference shares of Rs. 100/- each to the promoters and other bodies corporate. Subsequently, the Company in the Annual General Meeting held on 30th September, 2003 had reduced the rate of dividend from 5% to 1% on these shares and had also approved the conversion of these preference shares into equity shares in order to remove an impending debt as per the SEBI Preferential Allotment Guidelines.

As approved, the Board in its meeting held on 20th October, 2003 had allotted 12,27,375 equity shares upon conversion of 3,92,760 preference shares of Rs. 100/- each at a price of Rs. 32/- per share. Out of the remaining 3,50,540 preference shares, 20 were redeemed. Now, Company seeks the members approval for the conversion of balance preference shares into equity. The company wish to allot 3,80,950 equity shares at a price of Rs. 92/- each to the following entities against the 3,50,520 non cumulative redeemable preference shares of Rs. 100/- each held respectively by them.

S.No	Name of Allottees	Category	No. of preference shares held	Total face value of these shares (Rs.)	Equity shares entitlement at Rs. 92/- per
1.	Essix Biosciences Ltd.	Promoter	1,42,520	1,42,52,000	1,54,900
2.	Ind-Swift Limited	Promoter	2,08,000	2,08,00,000	2,26,050
	TOTAL		3,50,520	3,50,52,000	3,80,950

The following are the disclosures which are required to be given under SEBI Guidelines for preferential issues (as amended from time to time) and as are in force on the date of this notice.

a) **Object of the Issue**

- To convert existing 3,50,520 non cumulative redeemable preference shares of Rs. 100/- each into fully paid equity shares of Rs. 92/- per share.
- To reduce the debt of the company and to strength overall financial leverage for the company.

c. **Shareholding Pattern before & After the offer**

S. No.	Category	Pre-issue		Post Issue	
		No. of shares	% of holding	No. of shares	% of Holding
A	PROMOTERS HOLDING				
	Ind-Swift Limited	4473670	20.22	4699720	20.89
	Essix Biosciences Limited	23901	0.11	178801	0.79
	Persons acting in concert	1917835	8.67	1917835	8.52
	TOTAL PROMOTERS' HOLDING (i)	6415406	29.00	6796356	30.20
B	NON PROMOTER HOLDING				
	Banks, Financial Institutions (Central/States Govt. Institution/Non Govt. Institutions)	84592	0.38	84592	0.38
	FII's	3428337	15.50	3428337	15.24
	Corporate Bodies	2595176	11.73	2595176	11.53
	Indian Public	9322359	42.15	9322359	41.43
	NRIs/OCBs	272080	1.23	272080	1.21
	Others	2050	0.01	2050	0.01
	TOTAL NON PROMOTER HOLDING (ii)	15704594	71.00	15704594	69.80
	TOTAL (i) + (ii)	22120000	100.00	22500950	100.00

b) **Intention of promoters/director/management personnel to subscribe to the offer.**

The issue is limited only to the conversion of preference shares into equity. The other promoters/directors/management do not intend to subscribe to the offer.

The allotment would not result in any change in the control or management of the affairs of the Company or in the Board of Directors of the company. However there will be consequential change in the voting rights/shareholding of the Company.

d) Proposed time within which allotment will be completed:

The Board proposed to allot the equity shares within a period of 15 days from the date of this Annual General Meeting, i.e., 15th October, 2006

e) The Identity of allottees and the percentage of

expended capital to be held by them

(i) The identity of the class of the proposed allottees :

Essix Biosciences Limited and Ind-Swift Limited both belongs to promoters group companies.

The entities to be issued shares in excess of 5% are nil.

(ii) Percentage of expended capital to be held by them

Name	Pre-Issue Holding	%	Proposed Allotment	%	Post Issue Holding	%
Essix Biosciences Limited	23901	0.11	154900	0.68	178801	0.79
Ind-Swift Limited	4473670	20.22	226050	1.00	4699720	20.89

f) Price at which shares are to be allotted

Rs. 92/- per share of Rs. 10/- each (i.e. at a premium of Rs. 82/- per share). This price is calculated on the basis of relevant date as 30th August, 2006, which is the date 30 days prior to the date on which the Annual general Meeting is to be held, in terms of section 81(1A) of the Companies Act, 1956 to consider the proposed conversion and is determined in accordance with Para 13.1.1.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

As required by the SEBI (Disclosure and Investor Protection) Guidelines, 2000 on Preferential Issues, a certificate from Statutory Auditors, to the effect that the proposed allotment will be made in accordance with the SEBI Guidelines, will be placed at the meeting.

The Members are, therefore, requested to accord their approval to the proposed resolution set out at Item No. 9 & 10 by way of a Special Resolution.

The Directors of your company may be deemed to be concerned or interested to the extent of Directorship and Shareholder in the respective companies.

Item No. 11 & 12

In order to motivate the employees, to foster a sense of ownership and belonging and to retain the best talents in the challenging business environment, to aid in the long term successful growth of your Company, it has been proposed to introduce on employee stock option scheme titled "Ind-Swift- Employee Stock Option Scheme 2006" (ESOS) for the employees of the Company and its subsidiary(ies).

As per the ESOS, select employees and directors (present and future) of the Company and its Subsidiary (ies) (hereinafter referred to as "Employees") would be given Options to subscribe to a specific number of Equity Shares as may be decided by the Board/Compensation Committee constituted by the Board, in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The Salient features of the ESOS are:

- 1 The total number of options to be granted to the employees of the Company would not exceed 9,68,400 Equity Shares i.e. 4.5% of the issued Equity share Capital of the Company as on March 31, 2006.
- 2 The total number of options to be granted to the employees of the subsidiary(ies) not exceed 1,07,600 Equity Shares i.e. , 0.5 % of the issued Equity Share Capital of the Company as on March 31, 2006.
- 3 Employees and Directors of the Company and its subsidiary(ies), as defined in the SEBI Guidelines (including any statutory modifications or re-enactment of the Act or the Guidelines for the time being in force) and as may be decided by the Board/Compensation Committee are entitled to participate in the ESOS.
- 4 Vesting of Options will commence after a period of one year from the date of grant and may extend up to a maximum of 5 years from the date of grant. The vesting may occur in tranches, subject to the terms and conditions of vesting as may be stipulated by the Compensation Committee in its discretion.
- 5 In terms of the guidelines issued by Securities and Exchange Board of India, companies are free to determine the exercise price for exercising the option granted under its ESOS. It is proposed to relate the exercise price of options to the market price prevalent at the time of grant of options with the authority to the Board/Committee thereof to grant discount upon the said market price, at its sole discretion.
- 6 The exercise period of options will commence from the date of vesting but will expire not later than 5 years from the date of grant of options or such lesser period as may be decided by the Compensation Committee from time to time. The options will lapse if not exercised within the prescribed period. The options will be exercisable by the employees by a written application to the Company to exercise the options in such manner, and an execution of such documents, as may be prescribed by the Board/Compensation Committee from time to time.
- 7 The appraisal process for determining the eligibility of the employee will be specified by the Board/Compensation