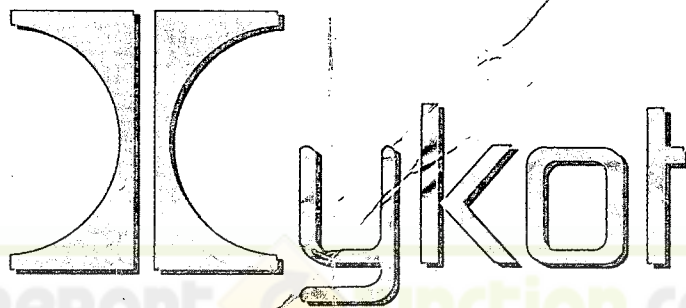


# LYKOT HITECH TOOLROOM LIMITED



16<sup>th</sup>

## 16<sup>th</sup> ANNUAL REPORT 2006-2007



---

## BOARD OF DIRECTORS

THIRU. S. IYEMPANDI	Managing Director
THIRU. N.K.S. KOLAPPAN	Joint Managing Director
PROF. ROOSHIKUMAR PANDYA	Director
THIRU. A. PARAMASIVAM	Director
Dr. S. RAJAPANDIAN	Director

## AUDITORS

### M/s. RAMADOSS & ASSOCIATES

Chartered Accountants  
Vasundhara Apartments  
III Floor, (Old 27/7), New 16/7  
Hindi Prachar Sabha Street  
T. Nagar, Chennai - 600 017.

## BANKERS

State Bank of Indore, Chennai - 109  
Indian Bank, Chennai - 119  
Canara Bank, Chennai - 32

## REGISTERED OFFICE

No.19, Block I, Sidco Electronic Complex  
Guindy, Chennai - 600 032.  
Telephone : 22500280  
Telefax : 22500280  
Email : [karthi@iykot.com](mailto:karthi@iykot.com)  
Home Page : [www.iykot.com](http://www.iykot.com)

## FACTORY

131/2, Thiruneermalai Road  
Nagelkeni, Chrompet, Chennai - 600 044  
Phone : +91-44-4316 2280  
Telefax : +91-44-4316 2280

---



## NOTICE TO THE SHARE HOLDERS

NOTICE is hereby given that the 16th Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the **26<sup>th</sup> September 2007** at **3.30 p.m. at R.V.TOWERS, G.S.T.Road, Guindy, Chennai – 600032** to transact the following business.

### 1.0 ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statements of Accounts for the year ended 31st March 2007 and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Prof. Rooshikumar Pandya who retires by rotation and being eligible, offers himself for re-appointment. Prof. Rooshikumar Pandya has given his consent to be the director if appointed.
3. To appoint Auditors and fix their remuneration. M/s. Ramadoss & Associates, Chartered Accountants, Chennai retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for re-appointment.

### 2.0 SPECIAL BUSINESS:

To consider and if thought fit to pass the following resolutions as Special Resolution

1. Resolved that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 6 of the Articles of Association of the Company be amended to be substituted as follows

**Buy Back and Reduction of Share Capital :** The Company may, on its own or as per the scheme of arrangement can reduce its share Capital/ from time to time and subject to the applicable provisions of the Companies Act, 1956 and Statutory Laws that may be made applicable to buy its own shares.

2. To consider and if thought fit to pass the following Resolution as Special resolution with or without modifications :

Resolved that pursuant to Section –100- and all other applicable provisions if any of the of the Companies Act, 1956 and Article –6- of the Articles of Association of the Company the paid up Equity Capital of the Company be reduced from Rs.5,07,00,000 divided into 50,70,000 Equity Shares of Rs.10/- each to Rs.3,04,20,000 divided into 50,70,000 Equity Shares of Rs.6/- each fully paid up by reducing the face value of Equity Share from Rs.10/- per share to Rs.6/- per share in terms of the Order of the Board for Industrial Financial Reconstruction and that such reduction be effected by canceling the Equity Share Capital of Rs 2,02,80,000 (Rupees Two Crores Two lakhs eighty Thousand Only) which has been lost or is un represented by available assets to the extent of Rs.4/- per equity share of the Company which has been issued.

Resolved further that the accumulated losses of the Company be written off to the tune of Rs.2,02,80,000(Rupees Two Crores Two Lakhs Eighty Thousand Only) by canceling the paid up Capital of the Company aggregating to Rs. 2,02,80,000 (Rupees Two Crores Two lakhs Eighty Thousand Only)

Resolved further that pursuant to the provisions of Section 94(1) (b) of the Companies Act, 1956, the issued and fully paid up equity capital of the Company of Rs. 3,04, 20,000 (Rupees Three Crores Four Lakhs and Twenty thousand Only) consisting of 50,70,000 Equity Shares of Rs.6/- each, be re-structured and divided into 60,84,000 Equity Shares of Rs.5/- each, by sub-dividing in such manner that every existing share of Rs.6/- each shall constitute 1.2 share of Rs.5/- each fully paid up.

Resolved further that consequential amendments be made in the Capital Clause of the memorandum and Articles of Association of the Company after such reduction and Sub-division / re-structuring becomes operative and effective.

Resolved further that the Board of Directors of the Company be and are hereby authorised to call for the share certificates already issued for cancellation and to issue fresh certificates pursuant to the Companies (Issue of Share Certificates ) Rules 1960" and to do all such acts, deeds, matters and things as may be necessary proper expedient to give effect to this resolution.

3. (a) Resolved that Clause V relating to Capital clause of Memorandum of Association be amended to read as follows:

The Authorized Share Capital of the Company is Rs.11,00,00,000 (Rupees Eleven Crores only) divided into 2,20,00,000 (Two Crores Twenty lakhs) Equity Share of Rs.5/- each and with a power to increase and reduce the Capital of the Company and to consolidate and /or sub-divide it into shares of different classes, as per the provisions under the Companies Act, 1956.



**(b) Resolved that Article 5 of Articles of Association of the Company be amended to read as follows:**

The Authorized Share Capital of the Company is Rs.11,00,00,000 (Rupees Eleven Cores only) divided into 2,20,00,000 (Two Crore Twenty Lakhs Equity Share of Rs.5/- each and with a power to increase and reduce the Capital of the Company and to Consolidate and /or sub-divide it into shares of different classes, as per the provisions of the Companies Act, 1956

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

Resolved that pursuant to Section 81 (1A) of the Companies Act, 1956 and other applicable provisions of the Act the Board of Directors of the Company are hereby authorised to issue out of the un-issued Share Capital of the Company 30,00,000 Equity Share of Rs.5/- for cash as Rights to the existing share holders of the company either at par or at a price to be determined by the Board of Directors of the company on a date to be fixed there after on such terms and conditions and in such manner as they may deem fit.

Resolved further that the shares not subscribed for by the share holders of the company on a date to be fixed later be utilized towards application for additional shares and still remaining outstanding be offered at the discretion of the Board at the same price at which the shares are offered on right basis, whether the persons to whom the offer is being made is existing shareholders or not.

**5. (a) To Consider and if thought fit to pass the following Resolution as Special Resolution with without modifications :**

Resolved that subject to the provisions of Section 314 of the Act, the consent of the Company is hereby accorded to Designate Shri. I. Karthikeyan as Vice –President of the Company effective from 1<sup>st</sup> April, 2007 in the scale of:

Rs. 22500 – 2250 – 31500 per month.

House Rent Allowance – 40% of Salary.

All other terms as applicable to the Staff of the Company

**(b) To consider and if thought fit to pass the following Resolution as Special Resolution with or without modification :**

Resolved that subject to provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof), the consent of the Company is hereby accorded for the terms and conditions as detailed herein, effective from 1<sup>st</sup> April, 2007, of Shri. S. Iyempandi Managing Director of the company.

**Salary :** Rs.25000 - 2500 - 35000 per month.

**House Rent Allowance :** 40% of Salary

**Commission :** Shall be entitled to a commission of 1% of Net profits in the year in which the Company makes net profit and such total remuneration shall be subject to section 198, 309 of the Companies Act, 1956.

Perquisites shall be allowed in addition to salary, shall not exceed one month salary.

The term Perquisites means Expenditure incurred by the Company on Gas, Electricity, Water and furnishing and shall be valued as per Income Tax Rules, 1962, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance and all other allowances).

Shall be entitled for Free use of the Company's Car for business and Telephone Connection at the residence . The same shall not be considered as perquisite. However personal Long distance calls on telephone and use of car for private purposes shall be borne by the Managing Director.

**(c) To consider and if though fit to pass the following Resolution as Special Resolution with or without modification :**

Resolved that subject to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, (including any statutory modifications and re-enactment thereof), the consent of the Company is hereby accorded for the terms and conditions as detailed herein , effective from 1<sup>st</sup> April, 2007, of Shri. N.K.S. Kolappan, Joint Managing Director of the Company..

**Salary :** Rs.25000 - 2500 - 35000

**House Rent Allowance :** 40% of Salary



**Commission :** Shall be entitled to a commission of 1% of Net profits in the year in which the Company makes net profit and such total remuneration shall be subject to section 198, 309 of the Companies Act, 1956.

Perquisites shall be allowed in addition to salary, shall not exceed one month salary.

The term Perquisites means Expenditure incurred by the Company on Gas, Electricity, Water and furnishing and shall be valued as per Income Tax Rules, 1962, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance and all other allowances).

Shall be entitled for Free use of the Company's Car for business and Telephone Connection at the residence. The same shall not be considered as perquisite. However personal Long distance calls on telephone and use of car for private purposes shall be borne by the Joint Managing Director

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

Resolved to appoint and retain the services of M/s. Cameo Corporate Services Limited No:1, Club House Road, Subramania Buildings Chennai – 600 002 as Registrars and Share Transfer Agents and to take necessary actions for De-Mating the Shares (- Electronic Transfer System-Depository System) after complying with the requirements that are to be fully complied with the Stock Exchanges where the shares of the Company are admitted to dealings

RESOLVED THAT consent of the Company be and is hereby accorded under Section 163 of the Companies Act, 1956 for keeping the Register of Members together with the Index of Members and Copies of all returns prepared under Section 159 and 160 of the Companies Act, 1956 as also the copies of certificates and Documents required to be annexed thereto under Section 161 of the Companies Act, 1956 at the Company's Registrars and Share Transfer Agents **M/s. Cameo Corporate Services Limited No:1, Club House Road, Subramania Buildings Chennai – 600 002** instead of at the Registered Office of the Company after the Company submits the application to National Securities Depository Limited and Central Depository Services (India) Limited for De-mating the Shares.

Resolved to authorize the Board to take such actions that are required to be taken for appointment of M/s. Cameo Corporate Services Limited as Registrars and Share Transfer Agents and also for De- mating the Shares (Electronic Transfer System-Depository System) with Clearing and Depository Services (India) Limited and National Securities Depository Limited after due compliance with the requirements that are to be complied with the Stock Exchanges where the Shares of the Company are admitted to dealings

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

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association be and he is hereby amended in the manner following.

Article 3 (f) be amended as follows:

"Member" means the duly registered holders from time to time of the shares of the Company and includes every person whose name is entered as beneficial owners in the records of the Depository.

Article 3(ii) be amended as follows:

The register shall mean the Register of Members to be kept under Section 150 of the Act or a Register and index of Beneficial Owners maintained by the Depository under Section 11 of the Depositories Act.

Article 3(z) be amended as follows:

Words imparting persons include Corporations

Article 3(a) be amended as follows:

Article 3(a) be numbered as Article 3(a) (i) and the following be included as Article 3 (a) (ii)

Article 3(a) (ii): "Regulations" shall mean these Articles of Association as now framed or altered from time to time and shall include the Memorandum where the context so requires or regulations by the Securities and Exchange Board of India.





To include the following Heading and Articles along with the Marginal Notes as Article 3A after Article 3 :

### 3A: DEMATERIALISATION OF SECURITIES:

#### Definitions :

For the purpose of this Article:-

- (i) "Beneficial Owner" means a person whose name is recorded as such with a Depository
- (ii) "Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.
- (iii) "Depositories Act" means the Depositories Act, 1996, including any statutory modifications or reenactment thereof for the time being in force.
- (iv) "Depository" means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of Registration under Sub-Section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.
- (v) "Debenture Holder" means the duly registered holders from time to time of the Debentures of the Company.
- (vi) "Participant" means a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.
- (vii) "Records" includes Records maintained of Books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.
- (viii) "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- (ix) "Security" means such security as may be specified by SEBI.

#### To include the following as Article 7(c):

Notwithstanding anything in the Act, or these articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository Immediately on allotment of such securities.

#### To amend Article 15 as follows:

Article 15: Except as ordered by a Court of Competent Jurisdiction or as required by law, the Company shall be entitled to treat person whose name appears on the Register of Members as holder of any shares or where the name appears as Beneficial Owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in any share or (except only as is by these articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in joint names of any two or more persons or the survivor or survivors of them.

To include the following as Article 51A after the existing Article 51:

#### Dematerialisation of Securities:

- 51(A) : (i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing securities, rematerialize its securities held in the Depositories and /or offer its fresh securities in a dematerialized form pursuant to the Depositories Act and the rule framed there under, if any.

#### Options to receive or hold Securities with Depository:

- (ii) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with the Depository.
- If a person opts to hold his security with a Depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Security.

#### Securities in Depositories to be in fungible form:

- (iii) All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, and 187C of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.



**Company to recognize interest in dematerialized Securities:**

- (iv) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the Certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.
- (v) **Rights of Depositories & Beneficial Owners :**
  - (a) Notwithstanding anything to the Contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting. Transfer of ownership of security on behalf of the Beneficial Owner.
  - (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the Securities shall not have any voting or any other rights in respect of the Security held by it.
  - (c) Every person holding securities of the Company whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of The Company. The Beneficial Owner of the Securities shall be entitled to all the rights And benefits and be subject to all the Liabilities in respect of his securities which are Held by a Depository.

**Depository to furnish Information :**

- (vi) Every Depository shall furnish to the Company information about the transfer of securities In the name of the Beneficial Owner at such intervals and in such manner as may be specified by the Bye-laws and the Company in that behalf.

**Cancellation of certificates upon surrender by a person :**

- (vii) Upon receipt of Certificates of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and substitute in its records the name of the Depository as the registered owner in respect of the said securities and shall also inform the depository accordingly.

**Option to opt out in respect of any security:**

- (viii) If a beneficial owner seeks to opt out of a depository in respect of such security, the beneficial owner shall inform the Depository accordingly.  
The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.  
The Company shall, with in thirty days of the receipt of intimation from the Depository and on full fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

**Articles to apply for shares held in Depository:**

- (ix) Except as specifically provided for in the Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions to the Depository Act.

**Numbering of Securities:**

- (x) Nothing contained in the Act or these Articles regarding the necessity of having Distinctive Numbers for securities issued by the Company shall apply to the Securities held with a Depository.

**To amend the existing Article 52 by substituting the following Clause :**

**Register & Index of beneficial Owners member/Debenture Holders :**

Article 52. : The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debenture Holders in accordance with the provisions of Section 151 and 152 of the Companies Act, 1956 respectively, and the Depositories Act, with details of shares and Debentures held in material and dematerialized forms in any media as may be permitted by law including in any form of electronic media. The Register and index of Beneficial Owners maintained by the Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Register and Index of Debenture Holders, as the case may be, for the purposes of the Act. The Company shall have the power to keep in any state or country outside India a Register of Members resident in that state or Country.



To renumber the existing Article 52 as Article 52(a) and to include the following as Article 52(b):

**Section 108 shall not apply**

Article 52(b): Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of Securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository. Further more, where the Company has not issued any certificates and where such shares or securities are being in an electronic and fungible form, the provisions of Depositories Act, 1996 shall apply.

To renumber the existing Article 187 as Article 187(a) and to include the following as Article 187(b)

**Service of Documents:**

Article 187(b): Notwithstanding anything contained in the Act or in these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Place : Chennai

Date : 11<sup>th</sup> August, 2007

By Order of the Board  
For **Lykot Hitech Toolroom Limited**

**S.Iyempandi**  
(Managing Director)

**NOTE :**

1. A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote. The Proxy need not be a member. A member unable to attend may appoint another person (whether a member or not) as his proxy in the enclosed form which shall be deposited with the Registered Office at No.19, Block-I, Sidco Electronics Complex, Guindy, Chennai - 600 032. The proxies in order to be effective must be received by the company not less than **48 hours** before the meeting.
2. The registrar of members and the share transfer books of the company will remain closed 14.09.2007 to 26.09.2007 (both days inclusive)
3. Members/Proxies should bring the attendance slip sent herewith, duly filled in and signed handover the same at the entrance of the hall.
4. Shareholders are requested to bring their copy of the Annual Report for the meeting.

**Explanatory Statement**

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

The information in respect of **Serial No 1.0 (Ordinary Business), Item No.2** and pursuant to SEBI code for Corporate Governance about Director seeking re-appointment in this Annual General Meeting is furnished hereunder:

**Particulars**

1. Name of the Director
2. Date of Birth
3. Date of Appointment
4. Qualification & experience in specific functional areas

**Item No.1**

Prof.Rooshikumar Pandya

27.03.1940

10.08.1992

B.A. (Hons) from India.

M.A. from California,  
USA and another

M.A. from Montreal, Canada.

Doctoral Studies from Canada.

Management Consultant in HRD.

He is specializing in Leadership,  
Negotiation skills, team building,  
Assertive Management etc.

He has done programmes for L&T, GEC, ABB, IDBI, HLL  
and some eighty other companies.



- |   |  |
|---|--|
| 5. List of companies in which outside directorships held                          | Godavari Sugar Mills,<br>MumbaiSintex Industries Ltd.,<br>Kalol, GujaratLa Mere Apparels, Ahmedabad<br>Center for Personal and Professional Excellence Pvt. Ltd.,<br>MumbaiSanblue Internet Pvt. Ltd., Ahmedabad |
| 6. Chairman/Member of the committee of the Board of Director of the company       | Member in Remuneration Committee and Audit Committee   |
| 7. Chairman/Member of the committees of other companies in which he is a director | Member in Remuneration Committee and Audit Committee   |
| 8. Details of shareholding in the company   | 117600   |

### Special Business Serial No: 2.0

#### Resolution No:1 & 2

The members may be aware that the Company has incurred losses continuously and more than 100% of the Capital had been eroded. The Company made an application to BIFR for declaring it as relief undertaking. The scheme approved by BIFR provides for reduction of the face value of equity share of Rs.10/- each to Rs.6/- per share thereby reducing the paid-up capital from the present level of Rs 5,07,00,000 to Rs, 3,04,20,000 and to write off accumulated losses to the extent of Rs.2,02,80,000 (Rupees Two Crores Two Lakhs and Eighty Thousand Only) from the accumulated losses of 491.60 lakhs.

The present Article does not provide for reduction of Share Capital.

The resulting reduction of Share Capital does not attract the regulation/ requirements laid down under Section 100 of the Companies Act, 1956. In terms of provisions of Sick Industrial Companies (Special Provisions) Act, 1985 the provisions of a scheme sanctioned by BIFR are to be read along with the provisions of Sub-sections (1) of Section 32 of the aforesaid Act. The Act empowers the Scheme of BIFR for over-riding effect Vis-à-vis other laws (excluding FERA Act 1973 and Urban Land (Ceiling & Regulation) Act, 1976 as also Memorandum and Articles of Association or any other instrument taking effect by virtue of any other law.

Further the Sick Industrial Companies (Special Provisions) Act, 1985 provides that the Reduction of Share Capital does not need any Compliance with the procedural steps there for as required under Companies Act nor would the erstwhile requirement of approval by High Court be necessary.

Further it has also been decided to re-structure and Sub-divide the face value of Equity Shares of Rs.6/- each by sub-dividing the face value of Equity Share in such manner that every existing share of Rs.6/- each shall constitute 1.2 share of Rs.5/- each fully paid up. The above said restructuring and sub-division shall take effect and become effective after the reduction of Capital is effected

There is also no provision in the Articles to buy its own Shares.

With the inclusion of Section 77 of the Companies Act, 1956, Companies are permitted to purchase its own shares. Share Holders may note that this is only an enabling Article. Whenever the Company intends to buy back, consent of share holders would be obtained, as required under the provisions of Sections 77 A of the Act. To enable the Company to buy its own shares the Article is being included

The Directors commend the resolution for approval. None of the Directors is interested in the resolution.

#### Resolution No: 3 (a) & (b)

Presently, the Authorized Share of the Company is Rs.11 Crores, divided to 1,10,00,000 Equity Share of Rs.10/- each. As per the Scheme of arrangement approved by BIFR for being declared as relief under taking the Board has approved the Scheme for reduction of the face value of Equity Share from Rs.10/- per share to Rs.6/- per share. Accordingly the Share Capital of the company is being reduced. Further the Board of Directors has also decided to re-structure and subdivide the face value of equity shares of Rs.6/- each into Face Value of Rs.5/- each

The Board commends the resolution for approval. None of the Directors is interested in the resolution.

#### Resolution No:4

The company is proposing to issue further capital to the tune of Rs.150 Lakhs on rights basis for cash at a price to be fixed by the Board. Though the approval of share holders is not required for under the provisions of Section 81(1A)



of the Companies Act, 1956 as a matter of abundant cautions the resolution is placed before the Member for their approval, as the company is planning to issue the share not subscribed for by share holders, as rights application for additional shares /renunciation to persons at the discretion of the Board whether the person to whom the offer is being made is a share holder or not. The resolution is commended for approval.

None of the Directors is interested in the Resolution

#### Resolution No:5

- (a) Sri. I. Karthikeyan presently employed as Senior Executive is being Designated as Vice President of the Company. He is the son of Sr. S. Iyempandi, the Managing Director of the Company. In terms of Section 314 of the Companies Act, 1956 the approval of the General meeting is required to be obtained if any relative of the Director is holding the office of profit in the Company. Hence the resolution is commended for your approval.

No other Director other than Shri. S. Iyampandi is interested in the Resolution.

- (b) Sri.S.Iyempandi was re-appointed as Managing Director of the Company at the meeting of the Directors held on 10th August, 2006 effective from 29th September, 2005 for a further period of 5 years and the Remuneration Committee constituted in terms of Clause 49 of the Listing Agreement approved and recommended the re-appointment of Shri. S.Iyempandi as Managing Director on the same terms and conditions as approved by the shareholders at the Annual General Meeting on 27<sup>th</sup> September, 2000 from 29th September, 2005 to 31st March, 2007. The remuneration Committee has recommended the following terms and conditions of appointment of Shri. S. Iyampandi from 1<sup>st</sup> April, 2007 as below :

**Salary:** Rs.25000 - 2500 - 35000

**House Rent Allowance:** : 40% of Salary

**Commission:** Shall be entitled to a commission of 1% of Net profits in the year in which the Company makes net profit and such total remuneration shall be subject to section 198, 309 of the Companies Act, 1956.

Perquisites shall be allowed in addition to salary shall not exceed one month salary.

The term Perquisites means Expenditure incurred by the Company on Gas, Electricity, Water and furnishing and shall be valued as per Income Tax Rules, 1962, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance and all other allowances).

Shall be entitled for Free use of the Company's Car for business and Telephone Connection at the residence. The same shall not be considered as perquisite. However personal Long distance calls on telephone and use of car for private purposes shall be borne by Shri. S. Iyampandi.

This statement should be treated as an abstract of the terms of the contract with Sri. S. Iyampandi Managing Director, for the purpose of section 302 of the Companies Act, 1956.

The Directors Command the resolution for approval.

None of the Directors of the Company except Shri.. S.Iyempandi, is interested in the above resolution.

- (c) Sri. N.K.S. Kolappan was re-appointed as Joint Managing Director of the Company at the meeting of the Directors held on 10.08.2006 effective from 29th September, 2005 for a further period of 5 years and the Remuneration Committee constituted in terms of Clause 49 of the Listing Agreement approved and recommended the re- appointment of Shri. N.K.S.Kolappan as Joint Managing Director on the same terms and conditions as approved by the shareholders at the Annual General Meeting on 27<sup>th</sup> September, 2000 from 29th September, 2005 to 31st March, 2007. The remuneration Committee has recommended the following terms and conditions of appointment of Shri. N.K.S. Kolappan from 1<sup>st</sup> April, 2007 as below :

**Salary:** Rs.25000 -Rs.2500- Rs.35000

**House Rent Allowance :** 40% of Salary

**Commission:** Shall be entitled to a commission of 1% of Net profits in the year in which the Company makes net profit and such total remuneration shall be subject to section 198, 309 of the Companies Act, 1956.

Perquisites shall be allowed in addition to salary shall not exceed one month salary.

The term Perquisites means Expenditure incurred by the Company on Gas, Electricity, Water and furnishing and shall be valued as per Income Tax Rules, 1962, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance and all other allowances).