

9th

Annual Report 2007 - 2008

Report  Junction.com



MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED

www.reportjunction.com

C O N T E N T S

Page Nos.

Board of Directors	2
AGM Notice	3 - 14
Directors' Report	15 - 29
Corporate Governance Report	30 - 36

Consolidated Financial Statements

Auditors' Report	37
Balance Sheet	38
Profit & Loss Account	39
Schedules	40 - 53
Cash Flow Statements	54 - 55

Financial Statements of the Company (MosChip India)

Auditors' Report	56 - 57
Balance Sheet	58
Profit & Loss Account	59
Schedules	60 - 75
Cash Flow Statement	76 - 77
Balance Sheet Abstract	78
Statement Pursuant to Section 212 of Companies Act, 1956	79

Financial Statements of the Subsidiary (MosChip USA)

Directors' Report	80
Auditors' Report	81
Balance Sheet	82
Statement of Net Income and Accumulated Deficit	83
Statement of Cash Flows	84
Notes to Financial Statements	85 - 86

BOARD OF DIRECTORS

Mr. K. Ramachandra Reddy	-	Chairman & CEO
Mr. C. Dayakar Reddy	-	Managing Director
Mr. A. Ramesh	-	Director
Prof. Vijaya Chandru	-	Director
Mr. G. Prasad	-	Director
Dr. M. Rammohan Rao	-	Director

COMMITTEES OF THE BOARD**Audit**

Mr. G. Prasad	-	Chairman
Mr. A. Ramesh	-	Member
Dr. M. Rammohan Rao	-	Member
Prof. Vijaya Chandru	-	Member

Remuneration

Mr. G. Prasad	-	Chairman
Mr. A. Ramesh	-	Member
Mr. M. Rammohan Rao	-	Member
Prof. Vijaya Chandru	-	Member

Shareholders / Investor Grievance

Mr. A. Ramesh	-	Chairman
Mr. G. Prasad	-	Member
Dr. M. Rammohan Rao	-	Member
Prof. Vijaya Chandru	-	Member

Sathya Kalyanasundaram

Chief Financial Officer

Raj Kumar Singh

Company Secretary

REGISTERED OFFICE

H. No: 8-2-685/1/1, Road No.12,
Banjara Hills, Hyderabad - 500 034
Tel : 040-2337-9440
Fax : 040-2337-9439

BANKERS

IndusInd Bank Limited
Corporation Bank
HDFC Bank Limited
ICICI Bank Limited

BRANCH

3335, Kifer Road, Santa Clara, CA - 95051 USA

AUDITORS

M/s Gokhale & Co.
Chartered Accountants
3-6-322, Office No. 306, Mahavir House
Basheerbagh, Hyderabad - 500 029

REGISTRAR AND SHARE TRANSFER AGENTS

Sathguru Management Consultants Pvt. Limited
Plot No.15, Hindi Nagar, Behind Saibaba Temple
Panjagutta, Hyderabad - 500 034
Tel : 040-2335-0586 / 040-2335-6507
Fax : 040-2335-4042

NOTICE

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Ninth Annual General Meeting of MosChip Semiconductor Technology Limited will be held on Friday, the 29 August 2008 at 10.30 hrs at the Registered Office of the Company situated at 8-2-685/1/1, Road No.12, Banjara Hills, Hyderabad - 500 034 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Report of Directors, Profit and Loss Account for the financial year ended 31 March 2008 and the Balance Sheet as on that date and the report of Auditors thereon.
2. To appoint a Director in place of Mr. G. Prasad, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. M. Rammohan Rao, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Gokhale & Co., Chartered Accountants, Hyderabad as Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize Board of Directors or any of its Committee(s) to fix their remuneration.

SPECIAL BUSINESS**MosChip Employee Stock Option Plan - 2008**

5. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special resolution:

"RESOLVED THAT in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") issued by the Securities and Exchange Board of India ("SEBI") and pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") (including any statutory modification(s) 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 such other consents, permissions, sanctions and approvals as may be required from the appropriate authorities and bodies and subject to such conditions and modifications as may be prescribed or imposed while granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include a

Compensation Committee or any Committee of the Board constituted by the Board to exercise its powers conferred on the Board by this resolution), consent of the company be and is hereby accorded to the Board to create, issue, offer and allot at any time or from time to time to the present and future employees 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" which expression shall, unless repugnant to the context, mean and include the permanent Employees of the Company including those on deputation at the instance of the Company excluding the employees belonging to promoter group) such number of options as the Board may decide which could give rise to the issue of equity shares of nominal face value not exceeding Rs.3,00,00,000/- (Rupees Three Crores only) divided into 30,00,000 (Thirty Lakhs Only) equity shares of the face value of Rs.10/- each.

"RESOLVED FURTHER THAT the equity shares issued upon exercise of the options shall rank paripassu in all respects with the existing equity shares."

"RESOLVED FURTHER THAT a document titled "MOSCHIP STOCK OPTION PLAN - 2008" tabled at the meeting and initiated by the Chairman for identification be and is hereby approved."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, but subject to the terms as approved by the members, the Board / Compensation Committee or any committee of the Board, be and is hereby authorised to implement the MOSCHIP STOCK OPTION PLAN - 2008 ("Plan"), (with or without modifications and variations) in such manner as the Board / Compensation Committee / any committee of the Board may determine."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board / Compensation Committee or any committee of the Board be and is hereby authorised 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 thereto."

"RESOLVED FURTHER THAT the said equity shares may be allotted in accordance with the plan framed in that behalf, directly to such 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 employees

and that the plan may also envisage for providing any financial assistance to the employees or the Trust to enable the employees / Trust to acquire, purchase or subscribe to the said equity shares of the company."

"RESOLVED FURTHER THAT the Board / Compensation Committee or any Committee of the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in relation to the implementation of the Plan and to the Shares (including to amend or modify any of the terms thereof) 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."

6. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special resolution:

"RESOLVED THAT in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") issued by the Securities and Exchange Board of India ("SEBI") and pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") (including any statutory modification(s) 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 such other consents, permissions, sanctions and approvals as may be required from the appropriate authorities and bodies and subject to such conditions and modifications as may be prescribed or imposed while granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include a Compensation Committee or any Committee of the Board constituted by the Board to exercise its powers conferred on the Board by this resolution), consent of the company be and is hereby accorded to the Board to create, issue, offer and allot at any time or from time to time Stock Options under the **"MosChip Employee Stock Option Plan - 2008"** (proposed in the resolution under item no.5 above) to the present and future employees of the Subsidiary companies selected on the basis of criteria prescribed by the Board in accordance with the SEBI guidelines, hereinafter referred

to as "the Eligible Employees" (which expression shall, unless repugnant to the context, mean and include the permanent Employees of the Subsidiary Companies of the Company (including foreign nationals), whether working in India or out of India from time to time, including any Director of the Subsidiary Company, whether whole time or otherwise, as the Board may decide.

"RESOLVED FURTHER THAT the equity shares issued upon exercise of the options shall rank paripassu in all respects with the existing equity shares."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board / Compensation Committee or any committee of the Board be and is hereby authorised 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 thereto."

MosChip Employee Stock Option Plan - 2008 (ALR)

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

"RESOLVED THAT in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") issued by the Securities and Exchange Board of India ("SEBI") and pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") (including any statutory modification(s) 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 such other consents, permissions, sanctions and approvals as may be required from the appropriate authorities and bodies and subject to such conditions and modifications as may be prescribed or imposed while granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include a Compensation Committee or any Committee of the Board constituted by the Board to exercise its powers conferred on the Board by this resolution), consent of the company be and is hereby accorded to the Board to create, issue, offer and allot at any time or from time to time to the present and future employees 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" (which expression shall, unless repugnant to the context, mean and include the permanent Employees of the company including those on deputation at the instance of the company excluding the employees belonging to promoter group) such number of options as the Board may decide which could give rise to the issue of equity shares of nominal face value not exceeding Rs. 1,00,00,000/- (Rupees One Crore only) divided into 10,00,000 (Ten Lakhs only) equity shares of the face value of Rs. 10/- each.

"RESOLVED FURTHER THAT the equity shares issued upon exercise of the options shall rank pari-passu in all respects with the existing equity shares."

"RESOLVED FURTHER THAT a document titled "MOSCHIP STOCK OPTION PLAN - 2008 (ALR)" tabled at the meeting and initialed by the Chairman for identification be and is hereby approved."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, but subject to the terms as approved by the members, the Board / Compensation Committee or any committee of the Board, be and is hereby authorised to implement the "MOSCHIP STOCK OPTION PLAN - 2008 (ALR)" ("Plan"), (with or without modifications and variations) in such manner as the Board / Compensation Committee / any Committee of the Board may determine."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board / Compensation Committee or any committee of the Board be and is hereby authorised 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 thereto."

"RESOLVED FURTHER THAT the said equity shares may be allotted in accordance with the plan framed in that behalf, directly to such 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 employees and that the plan may also envisage for providing any financial assistance to the employees or the Trust to enable the employees / Trust to acquire, purchase or subscribe to the said equity shares of the company."

"RESOLVED FURTHER THAT the Board / Compensation Committee or any Committee of the

Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in relation to the implementation of the Plan and to the Shares (including to amend or modify any of the terms thereof) 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."

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

"RESOLVED THAT in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") issued by the Securities and Exchange Board of India ("SEBI") and pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") (including any statutory modification(s) 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 such other consents, permissions, sanctions and approvals as may be required from the appropriate authorities and bodies and subject to such conditions and modifications as may be prescribed or imposed while granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include a Compensation Committee or any Committee of the Board constituted by the Board to exercise its powers conferred on the Board by this resolution), consent of the company be and is hereby accorded to the Board to create, issue, offer and allot at any time or from time to time Stock Options under the "MosChip Employee Stock Option Plan - 2008 (ALR)" (out of the quantum proposed in the resolution under Item no. 7 above) to the present and future employees of the Subsidiary companies selected on the basis of criteria prescribed by the Board in accordance with the SEBI guidelines, hereinafter referred to as "the Eligible Employees" (which expression shall, unless repugnant to the context, mean and include the permanent Employees of the Subsidiary Companies of the Company (including foreign nationals) whether working in India or out of India from time to time, including any Director of the Subsidiary

Company, whether whole time or otherwise, as the Board may decide.

"RESOLVED FURTHER THAT the equity shares issued upon exercise of the options shall rank *pari-passu* in all respects with the existing equity shares."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board / Compensation Committee or any committee of the Board be and is hereby authorised 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 thereto."

MosChip Employee Stock Option Plan - 2008 (DIRECTOR)

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

"RESOLVED THAT in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") issued by the Securities and Exchange Board of India ("SEBI") and pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") (including any statutory modification(s) 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 such other consents, permissions, sanctions and approvals as may be required from the appropriate authorities and bodies and subject to such conditions and modifications as may be prescribed or imposed while granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include a Compensation Committee or any Committee of the Board constituted by the Board to exercise its powers conferred on the Board by this resolution), consent of the company be and is hereby accorded to the Board to create, issue, offer and allot at any time or from time to time to the present and future Directors 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 Directors" which expression shall, unless repugnant to the context, mean and include the non promoter directors such number of options as

the Board may decide which could give rise to the issue of equity shares of nominal face value not exceeding Rs. 1,00,00,000/- (Rupees One Crore only) divided into 10,00,000 (Ten Lakhs Only) equity shares of the face value of Rs.10/- each.

"RESOLVED FURTHER THAT the equity shares issued upon exercise of the options shall rank *pari-passu* in all respects with the existing equity shares."

"RESOLVED FURTHER THAT a document titled "MOSCHIP STOCK OPTION PLAN - 2008 (DIRECTOR)" tabled at the meeting and initialed by the Chairman for identification be and is hereby approved."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, but subject to the terms as approved by the members, the Board / Compensation Committee or any committee of the Board, be and is hereby authorised to implement the MOSCHIP STOCK OPTION PLAN - 2008(DIRECTOR) ("Plan"), (with or without modifications and variations) in such manner as the Board / Compensation Committee / any committee of the Board may determine."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board / Compensation Committee or any committee of the Board be and is hereby authorised 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 thereto."

"RESOLVED FURTHER THAT the said equity shares may be allotted in accordance with the plan framed in that behalf, directly to such Directors or through a Trust, which may be set up in any permissible manner or to the trust to be held on behalf of such Directors and that the plan may also envisage for providing any financial assistance to the Directors or the Trust to enable the Directors / Trust to acquire, purchase or subscribe to the said equity shares of the company."

"RESOLVED FURTHER THAT the Board / Compensation Committee or any Committee of the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in relation to the implementation of the Plan and to the Shares (including to amend or modify any of the terms thereof) 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."

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

Amendment of MOSCHIP STOCK OPTION PLAN - 2001 to incorporate a Surrender Clause.

"RESOLVED THAT in accordance with the provisions contained in the Article of Associates and sections 79 A, 81 (1A) and all the other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchanged Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enhancement of the Act or the Guidelines, for the time being in force) and subject to such 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, permissions and sanctions which may be agreed to by the board of directors of the company (here in after referred to as "the board" which term be deemed to include any committees thereof), consent of the members be any is hereby accorded for the insertion of the following clause for surrender of options by the eligible employees who have been granted shares under the MOSCHIP STOCK OPTION PLAN - 2001 scheme of the company.

16. Surrender of Options:

1. An employee may surrender his vested / unvested options at any time during his employment with the company.
2. Any employee willing to surrender his options shall communicate the same to the Administrator in the prescribed Form A. Thereafter the surrendered options shall expire and stand terminated with effect from the date of surrender of options. Such options will be added back to the pool for future grants.

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

Amendment of MOSCHIP STOCK OPTION PLAN - 2002 to incorporate a Surrender Clause.

"RESOLVED THAT in accordance with the provisions contained in the Article of Associates and sections 79 A, 81 (1A) and all the other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchanged Board of

India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) of the Act or the Guidelines, for the time being in force) and subject to such 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, permissions and sanctions which may be agreed to by the board of directors of the company (here in after referred to as "the board" which term be deemed to include any committees thereof), consent of the members be any is hereby accorded for the insertion of the following clause for surrender of options by the eligible employees who have been granted shares under the MOSCHIP STOCK OPTION PLAN - 2002 scheme of the company.

14. Surrender of Options:

1. An employee may surrender his vested / unvested options at any time during his employment with the company.
2. Any employee willing to surrender his options shall communicate the same to the Administrator in the prescribed Form A. Thereafter the surrendered options shall expire and stand terminated with effect from the date of surrender of options. Such options will be added back to the pool for future grants.

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

Amendment of MOSCHIP STOCK OPTION PLAN - 2004 to incorporate a Surrender Clause.

"RESOLVED THAT in accordance with the provisions contained in the Article of Associates and sections 79 A, 81 (1A) and all the other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification (s) of the Act or the Guidelines, for the time being in force) and subject to such 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, permissions and sanctions which may be agreed to by the board of directors of the company (here in after referred to as "the board" which term be deemed to include any committees thereof), consent of the members be any is

hereby accorded for the insertion of the following clause for surrender of options by the eligible employees who have been granted shares under the MOSCHIP STOCK OPTION PLAN - 2004 scheme of the company.

16. Surrender of Options:

1. An employee may surrender his vested / unvested options at any time during his employment with the company.
 2. Any employee willing to surrender his options shall communicate the same to the Administrator in the prescribed Form A. Thereafter the surrendered options shall expire and stand terminated with effect from the date of surrender of options. Such options will be added back to the pool for future grants.
13. To consider and, if thought fit, to pass with or without modifications the following resolution as Special resolution:

Amendment of MOSCHIP STOCK OPTION PLAN - 2005(MI) to incorporate a Surrender Clause.

"RESOLVED THAT in accordance with the provisions contained in the Article of Associates and sections 79 A, 81 (1A) and all the other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchanged Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) of the Act or the Guidelines, for the time being in force) and subject to such 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, permissions and sanctions which may be agreed to by the board of directors of the company (here in after referred to as "the board" which term be deemed to include any committees thereof), consent of the members be any is hereby accorded for the insertion of the following clause for surrender of options by the eligible employees who have been granted shares under the MOSCHIP STOCK OPTION PLAN - 2005(MI) scheme of the company.

16. Surrender of Options:

1. An employee may surrender his vested / unvested options at any time during his employment with the company.
2. Any employee willing to surrender his options shall communicate the same to the Administrator in the prescribed Form A. Thereafter the surrendered

options shall expire and stand terminated with effect from the date of surrender of options. Such options will be added back to the pool for future grants.

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

Amendment of MOSCHIP STOCK OPTION PLAN - 2005(WOS) to incorporate a Surrender Clause.

"RESOLVED THAT in accordance with the provisions contained in the Article of Associates and sections 79 A, 81 (1A) and all the other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchanged Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) of the Act or the Guidelines, for the time being in force) and subject to such 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, permissions and sanctions which may be agreed to by the board of directors of the company (here in after referred to as "the board" which term be deemed to include any committees thereof), consent of the members be any is hereby accorded for the insertion of the following clause for surrender of options by the eligible employees who have been granted shares under the MOSCHIP STOCK OPTION PLAN - 2005(WOS) scheme of the company.

16. Surrender of Options:

1. An employee may surrender his vested / unvested options at any time during his employment with the company.
2. Any employee willing to surrender his options shall communicate the same to the Administrator in the prescribed Form A. Thereafter the surrendered options shall expire and stand terminated with effect from the date of surrender of options. Such options will be added back to the pool for future grants.

By Order of the Board of Directors

Hyderabad
29 July 2008

Raj Kumar Singh
Company Secretary

NOTICE

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of him 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 will remain closed from 22-08-2008 to 29-08-2008 (both days inclusive).
3. To avoid inconvenience to members and to facilitate smooth conduct of the meeting, entry to the place of meeting will be only for members / proxies and is regulated by the attendance slip appended to the proxy form. Members are requested to affix their signature on it and hand it over at the entrance.
4. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP Id No's for easier identification of attendance at the meeting.
5. A member desirous of getting any information on the accounts or operations of the company is requested to forward his/her queries to the company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
6. Members are requested to notify immediately any change in their address to the company or to the Share Transfer Agents and in case their shares are held in dematerialized form, this information should be passed onto their respective Depository Participants without any delay.
7. In all correspondence with the company, members are requested to quote their folio numbers and in case their shares are held in dematerialized form they must quote their Client ID Number and their DP ID Number.
8. Members are requested to carry their copies of Annual Report as these will not be supplied at the meeting.
9. Trading in the equity shares of the company is in the compulsory demat form. Those members who have not demated their shares are requested to open the demat accounts with the depositories and get the shares demated at the earliest.

BRIEF PROFILE OF DIRECTORS SEEKING RE-ELECTION AT THE ENSUING ANNUAL GENERAL MEETING

Mr. G. Prasad

Mr. Gajjala Prasad is a Chartered Accountant by profession. He is a partner of Nataraja Iyer and Co., Chartered Accountants based at Hyderabad. Mr. Prasad has got over

30 years of professional experience in audit and taxation matters of medium and large Corporates.

Dr. M. Rammohan Rao

Dr. M. Rammohan Rao is the Dean of Indian School of Business at Hyderabad. He was Professor Emeritus in the area of Quantitative Methods and Information Systems, Indian Institute of Management Bangalore (IIMB) till June 30, 2004. He was the Director of IIMB during the period March 1997 to May 2002. Dr. Rao holds a Ph.D. and M.S. in Industrial Administration from Carnegie Mellon University, Master of Engineering (Industrial) from Cornell University, and Bachelor of Engineering (Mechanical) from University of Madras. Prior to getting his Ph.D., he worked as an Associate Research Engineer at U.S. Steel Applied Research Lab in Pittsburgh, USA. Dr. Rao was a Research Fellow at the Centre for Operations Research and Econometrics at Leuven, Belgium and also at the International Institute of Management, Berlin. He has taught at the University of Rochester, University of Tennessee, and was a Tenured Professor at New York University. Dr. Rao has published over 85 articles in various professional journals and has been a consultant to several companies. His teaching and research interests are in the area of Optimization and Financial Derivatives. Dr. Rao was the President of the Operations Research Society of India. Dr. Rao is the recipient of the Fulkerson Prize awarded to him in August 2000. The prize is sponsored by the Mathematical Programming Society and the American Mathematical Society. The Indian Institute of Materials Management has conferred on him the Chief Executive of the Year 2000-2001 Award for his outstanding achievements and significant contribution to the Materials Management Profession. He has been awarded the 2002 Institute of Marketing & Management Award for Excellence as Top Management Educator. He is a member of the Advisory Council of Citigroup and Comucopia Private Limited. He is a member of the Board in Satyam Computer Services Limited, Krishna Fabrications Private Limited, Mazagaon Docks Limited and Bharat Electronics Limited. He is the Chairman of the Board of APIDC Venture Capital Limited. He is the Chairman of Audit Committee of Satyam Computer Services Limited and Bharat Electronics Limited.

By Order of the Board of Directors

Hyderabad
29 July 2008

Raj Kumar Singh
Company Secretary