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# PCS Technology Limited

26th  
Annual Report  
2006-07

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| PROXY  |       |



## PCS TECHNOLOGY LIMITED

### BOARD OF DIRECTORS

|                    |                            |
|--------------------|----------------------------|
| Mr. G. K. Patni    | Chairman                   |
| Mr. A. K. Patni    | Vice Chairman              |
| Mr. D. B. Engineer | Director                   |
| Mr. Satish Ajmera  | Director                   |
| Mr. P. V. Mehta    | Director                   |
| Mr. G. M. Dave     | Director                   |
| Mr. K. K. Barjatya | Director                   |
| Mr. N. K. Patni    | Director                   |
| Mr. M. Y. Kulkarni | Director                   |
| Mr. H. C. Tandon   | Managing Director & CEO    |
| Mr. Apoorva Patni  | Director (w.e.f. 28.07.07) |

### COMPANY SECRETARY

Mr. Bhaskar J. Patel

### AUDITORS

**S. C. Bandi & Co.**  
Chartered Accountants, Mumbai

### BANKERS

Canara Bank  
Indian Bank  
IDBI Bank Limited  
Dena Bank  
Standard Chartered Bank  
Indian Overseas Bank Limited  
Union Bank of India  
Central Bank of India

### REGISTERED OFFICE

Plot No. 148/151, Alandi Markaal Road,  
Village Dhanore, Alandi,  
Dist. Pune – 412106

### PLANT LOCATIONS

- Plant No.1:** Plot No. 148/151  
Alandi Markaal Road, Village Dhanore,  
Alandi, Dist. Pune – 412 106.
- Plant No.2:** Plot No. 110/1/111, Himalaya Ind. Estate,  
Village Amlī, Silvassa 396 230
- Plant No.3:** 44/45, Mapusa Industrial Estate,  
Mapusa, Goa 403 507.

### REGISTRAR & SHARE TRANSFER AGENT

M/s. Bigshare Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (E), Mumbai - 400 072.  
Tel. : 2847 0652/0653/2857 3034  
Fax : 022-2847 5207

### 26TH ANNUAL GENERAL MEETING

|                  |   |   |
|------------------|---|---|
| Day, Date & Time | : | Tuesday, 18th December, 2007 at 10.00 a.m.  |
| Venue            | : | Plot No. 148/151, Alandi Markaal Road,<br>Village Dhanore, Alandi, Dist. Pune – 412106. |

**MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT ALONG WITH THEM AT THE ANNUAL GENERAL MEETING**

# PCS TECHNOLOGY LIMITED

## NOTICE TO MEMBERS

**NOTICE** is hereby given that the 26<sup>th</sup> ANNUAL GENERAL MEETING of **PCS Technology Limited** will be held at the Registered Office of the Company at 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106 on Tuesday, 18<sup>th</sup> December, 2007 at 10.00 a. m. to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30<sup>th</sup> June, 2007 and the Profit & Loss Account of the Company for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. N. K. Patni who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K. K. Barjatya who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. D. B. Engineer who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS :

#### 6. APPOINTMENT OF MR. APOORVA PATNI AS DIRECTOR

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Apoorva Patni who was appointed as an Additional Director of the Company by the Board of Directors to hold office up to the date of ensuing Annual General Meeting as per Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

#### 7. INCREASE IN REMUNERATION PAYABLE TO MR. H. C. TANDON, MANAGING DIRECTOR & CEO OF THE COMPANY:

To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** the consent of the Company be and is hereby accorded for increase in remuneration payable to Mr. H. C. Tandon in compliance to the provisions of Section 198, 309, 311 and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII of the said Act as amended up to date, for the remainder of the terms of his contract which was approved by the members at the 23<sup>rd</sup> Annual General Meeting of the Company held on 30<sup>th</sup> September, 2004

#### 8. RE-APPOINTMENT OF MR. H. C. TANDON, AS MANAGING DIRECTOR & CEO OF THE COMPANY:

To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309, 311 and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII of the said Act as amended upto date, the Company hereby approves the re-appointment of Mr. H. C. Tandon as Managing Director & CEO of the Company for a period of three years with effect from 25<sup>th</sup> November, 2007 upon the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting and as further set out in the draft Agreement submitted to this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the said terms and conditions of the said appointment and /or agreement in such manner as may be agreed to between the Board of Directors and Mr. Tandon."

Registered Office:  
148/151 Alandi Markaal Road,  
Village Dhanore Alandi  
Dist Pune 412 106

Mumbai, September 29, 2007

By Order of the Board  
For PCS Technology Ltd.

**Bhaskar J Patel**  
Company Secretary

# TWENTY SIXTH ANNUAL REPORT 2006-2007



## NOTES :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF OR HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business is annexed hereto.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 10th December, 2007 to Tuesday, 18<sup>th</sup> December, 2007, both days inclusive.
- (4) Members are requested to:
  - (a) intimate to the Company / their Depository Participant ("DP"), changes, if any, in their registered address at an early date;
  - (b) quote their Registered Folio No. and/or DP Identity and Client Identity number in their correspondence;
  - (c) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
  - (d) to send their queries, if any, at least 10 (ten) days in advance of the meeting so that the information can be made available at the meeting.
- (5) The Unclaimed Dividend 1998-99 has been transferred to the 'Investor Education and Protection Fund' in November, 2006. Once the unclaimed dividend is transferred to the said Fund, no claim shall lie in respect thereof.
- (6) All documents referred in the notice are available for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
- (7) Information pursuant to Clause 49 of the Listing Agreement for Appointment / Re-appointment of Directors:

| Name of the Director | Date of Birth | Date of Appointment | Directorships in other companies incorporated in India   | Chairman/Member of Other Committees of Companies   |
|----------------------|---------------|---------------------|--|--|
| Mr. N. K. Patni      | 09.03.1942    | 29.09.1995          | Patni Computer Systems Ltd   | None<br>Patni Technologies Pvt. Ltd  |
| Mr. K. K. Barjatya   | 25.03.1938    | 30.10.1995          | Rajshri International (P) Ltd.<br>Rajshri Pictures (P) Ltd.<br>Rajshri Productions (P) Ltd.<br>Rajshri Films (P) Ltd.<br>Rajshri Cinemas (P) Ltd.<br>Sargam Pictures (P) Ltd.<br>Rajshri Media (P) Ltd.<br>Rajshri Movies and Entertainment Industries (P) Ltd.<br>National Storage (P) Ltd.   | None   |
| Mr. Dadi B. Engineer | 02.05.1933    | 29.09.1995          | Atlas Copco Limited<br><br>Bayer Diagnostics (India) Ltd<br>Forvol International Services Ltd<br>Flora Services Limited<br>Foods & Inns Limited<br>Forbes Gokak Limited<br>Prudential ICICI Asset Management Co Ltd<br>Tata Tea Limited<br><br>Welspun India Limited<br>Zauri Industries Limited<br><br>Nilkamal Plastics Limited<br>Protos Engineering Co. Pvt. Ltd<br>S.P.Sanghi Airconditioning Pvt. Ltd<br>Zoroastrian Investment Corporation Pvt. Ltd | <ul style="list-style-type: none"> <li>- Member &amp; Chairman of Shareholders Investors Grievance Committee of Atlas Copco Limited</li> <li>- Member of Audit Committee of Atlas Copco Limited</li> <li>- Member of Remuneration Committee of Atlas Copco Limited</li> <li>- Member of Audit Committee of Bayer Diagnostics (India) Ltd.</li> <li>- Member of Audit Committee of the Forbes Gokak Ltd.</li> <li>- Member of Shareholders/Investors Grievance Committee of Tata Tea Ltd.</li> <li>- Member &amp; Chairman of Remuneration Committee of Tata Tea Ltd.</li> <li>- Member &amp; Chairman of Audit Committee of Zauri Industries Ltd</li> <li>- Member of Shareholders Investors Grievance Committee and Share Transfer Committee of Zauri Industries Ltd</li> </ul> |
| Mr. Apoorva Patni    | 16.06.1982    | 28.07.2007          | Patni Wealth Advisors Pvt. Ltd<br>Bodhi Global Services Pvt. Ltd   | None   |

# PCS TECHNOLOGY LIMITED

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

### Item No. 6

Mr. Apoorva Patni was appointed as an Additional Director of the Company with effect from 28<sup>th</sup> July, 2007 pursuant to Section 260 of the Companies Act, 1956. He holds office of Director upto the date of ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith required deposit proposing the candidature of Mr. Apoorva Patni for the office of Director under Section 257 of the Companies Act, 1956.

Mr. Apoorva Patni, aged 25 years studied in Washington University in St. Louis, SA. He majored in Computer Engineering, Computer Science and Marketing. Being a Consultant, he has nearly 4 years of experience in Marketing Software, providing IT Professional Services and General Management. His expertise in these areas would be beneficial to the Company.

The Board recommends his appointment as a Director.

Mr. Apoorva Patni is deemed to be concerned or interested in the resolution. Mr. A. K. Patni, Vice Chairman being relative of Mr. Apoorva Patni is also deemed to be concerned or interested in the resolution. Mr. G. K. Patni and Mr. N. K. Patni being brothers of Mr. A. K. Patni are deemed to be concerned or interested in the resolution. None of the other directors of the Company is anyway concerned or interested in the resolution.

### Item no. 7 & 8

The members of the Company at the Annual General Meeting held on 30<sup>th</sup> September, 2004 had approved the appointment of Mr H. C. Tandon as Managing Director of the Company for a period of 3 years with effect from 25<sup>th</sup> November, 2004 including remuneration of Rs. 94,000/- per month in the scale of Rs. 50,000/- to Rs. 2,00,000/- per month as set out in the Agreement dated 5<sup>th</sup> October, 2004 entered between the Company and Mr. H. C. Tandon.

At the Board meeting held on 29<sup>th</sup> April, 2007 the Board of Directors has increased the remuneration payable to Mr H. C. Tandon with effect from 1<sup>st</sup> April, 2007 for the remainder of tenure of his appointment within the aforesaid limits already approved by the members at the said AGM held on 30<sup>th</sup> September, 2004

The revised remuneration payable to Mr. H. C. Tandon, Managing Director with effect from 1<sup>st</sup> April, 2007 for the remainder of the tenure of his appointment is Rs. 1,40,000/- per month. With the increase in his basic salary to Rs. 1,40,000/- per month there will be proportionate increase in the value of benefits /perquisites related to salary for the remaining tenure of his appointment. There is no amendment to the terms and conditions of the said agreement.

His present term of appointment as a Managing Director & CEO of the Company expires on November 25, 2007.

The Board of Directors at their meeting held on September 29, 2007 re-appointed Mr. H. C. Tandon as a Managing Director & CEO of the company for a further period of three years w.e.f. 25<sup>th</sup> November, 2007 up to 24<sup>th</sup> November 2010. Based on the recommendation of the Remuneration Committee, the Board of Directors at its said meeting held on September 29, 2007 also approved the remuneration and other terms and conditions of appointment of Mr. H C Tandon as Managing Director of the Company. The said appointment as well as the terms thereof are subject to the approval of the members of the company. The draft of the agreement to be entered into between the Company and Mr. H C Tandon was also approved by the Board of Directors at its meeting held on September 29, 2007.

(a) Salary of Rs.1,10,000/- (Rupees One lakh ten thousand only) per month with such increments as may be decided by the Board/ Committee subject to a ceiling of Rs.3,00,000/- per month.

(b) Perquisites : In addition to the salary, the Managing Director shall be entitled to the following perquisites:

The perquisites are classified into three categories as under:

#### CATEGORY 'A'

I. Housing I : The expenditure incurred by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling:

– 30% (Thirty percent) of the salary.

Housing II : In the case the accommodation is owned by the Company, ten per cent of the salary of the Managing Director shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

- II. Leave Travel Concession : For the Managing Director and his family, once in a year incurred in accordance with the rules specified by the Company.
- III. Medical/ Hospitalisation expenses for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years
- IV) Personal Accident Insurance premium as per the rules of the Company.

## CATEGORY 'B'

- i) Provident Fund : Company's contribution to Provident Fund shall be as per the scheme applicable to the employees of the Company. Contribution to provident fund will not be included in the computation of perquisites.
- ii) Gratuity : As per the rules of the Company.
- iii) Encashment of Leave : Encashment of Leave at the end of the tenure of the appointment will not be included in the computation of perquisites.

## CATEGORY 'C'

- i. Car : Provision of car for use on Company's business is not to be considered as perquisites. Use of car for private purpose shall be billed by the Company to the Managing Director.
- ii. Telephone : Telephone at the residence of Managing Director and Cell Phone provided to him shall not be considered as perquisites. Personal long distance calls on telephone/cell phone shall be billed by the Company to the Managing Director.
- 1. In the event of no profit or inadequacy of profits, the Company shall pay the aforesaid remuneration by way of salary and perquisites as minimum remuneration to the Managing Director.
- 2. The Managing Director shall be entitled to annual privilege leave on full salary for a period of twenty five days and such leave shall be allowed to be accumulated for not more than 75 days.
- 3. The Managing Director shall be entitled to reimbursement of entertainment expenses incurred by him for the purpose of the business of the Company.
- 4. The Managing Director shall exercise and perform such powers and duties as the Board shall from time to time, determine, and subject to any directions and restrictions from time to time, given and imposed by the board and further subject to the superintendence control and direction of the Board.
- 5. The Managing Director shall ensure complete secrecy of all confidential information entrusted to him and shall not use or attempt to use any such information in any manner which may injure or cause loss either directly or indirectly to the Company or its business other than information which is already public.

The Terms and Conditions of the said re-appointment and / or agreement may be altered and varied from time to time by the board of directors as it may, in its discretion deemed fit subject to the provisions of the Companies Act, 1956 (including any statutory modifications(s) or re-enactment thereof).

The Agreement may be terminated earlier by either party giving 3 months notice in writing to the other party, or the company paying 3 months basic salary in lieu thereof.

The draft agreement between the Company and Mr. H. C. Tandon is available for inspection by the Members of the Company at its Registered Office of the Company, between 11.00 a.m. and 1.00 p. m. on any working day upto the date of this Annual General Meeting of the Company.

This may be treated as abstract of the draft Agreement to be entered into between the Company and Mr. H. C. Tandon pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend the Resolutions for your approval.

Except Mr. H. C. Tandon, Managing Director & CEO no other Director of the Company is concerned or interested in these resolutions.

## I. General Information as required under Schedule XIII to the Companies Act, 1956

- 1) Nature of industry : Hardware & IT services



# PCS TECHNOLOGY LIMITED

- 2) **Date or expected date of commencement of commercial production :**  
*The Company is already in business of manufacturing and marketing of Personal computers.*
- 3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :**  
*Not Applicable*
- 4) **Financial performance based on given indicators :**  
*For the financial year ended 31<sup>st</sup> March, 2007, the Company has earned a total income of Rs. 34,514 Lacs (for 12 months) as against Rs. 43,353 lacs (for 15 months) for the previous financial period.*  
*For the financial year ended 31<sup>st</sup> March, 2007, the Company has made a net profit of Rs. 338 lacs (for 12 months) as against Rs.262 lacs in the previous financial period.*
- 5) **Export performance and net foreign exchange collaborations**  
*Export during the financial year was Rs. 2254 lacs compared to exports of Rs. 1104 lacs during the previous financial period.*  
*The Company has earned foreign exchange worth Rs. 2491 lacs and spent foreign exchange worth Rs.6349 lacs during the current financial year.*
- 6) **Foreign investments or collaborators, if any.**  
*The Company has two overseas wholly owned subsidiaries companies as under :*
- | <i>Name of the subsidiaries</i>          | <i>Investment Amount</i>  |
|--|---|
| <i>PCS International Ltd., Mauritius</i> | <i>- 73,500 Equity shares of USD 10 each fully paid up aggregating to US\$ 7,35,000</i> |
| <i>PCS Technology USA, Inc</i>           | <i>- 2,500 Equity shares of USD 2 each fully paid up aggregating to US \$ 5,000</i>     |
- The Company does not have any foreign collaboration.*

## II. Information about the appointee

### 1) Background details

*Mr. H. C. Tandon has done his Engineering from Birla Institute of Technology, Pillani. He possesses very long experience in the field of Electronics and is associated with the Company since its inception and look after marketing of Computer Division. He was first inducted on the Board of PCS Data Products Limited as an Executive Director with effect from November 25, 1992 presently known as PCS Technology Limited.*

*More details are set out in the explanatory statement to item nos. 7 & 8 of the accompanying notice convening the 26<sup>th</sup> AGM*

### 2) Past remuneration

*His remuneration had already been approved by the shareholders of the Company as mentioned in the Explanatory Statement in the accompanying notice for the previous terms.*

### 3) Recognition or awards

*Mr. H. C. Tandon has been consistently ranked amongst the high potential employees throughout his career. Mr. H. C. Tandon has held several senior Management positions in the Company*

### 4) Job profile and his suitability

*The Managing Director is responsible for the overall operations and profitability of the Company. He is instrumental in setting and reviewing performance of all units/departments of the Company. He ensures performance compliance in accordance with the Company's stated business plans and policies.*

*He heads the Marketing Division of the Company and done exceptionally well to grow the Company at the present stature.*

*Mr. H. C. Tandon's contribution to the Company has been immense.*



## 5) Remuneration proposed

*As per the explanatory statement provided to agenda No.8 of the accompanying notice.*

## 6) Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin.)

*The increased remuneration recommended to the Managing Director is in line with the industry standard of similar size companies.*

**Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.**

*Apart from holding the offices of Director and Managing Director of the Company, Mr. H. C. Tandon has no pecuniary relationship with the Company. The Company has not appointed any managerial personnel except Mr. H. C. Tandon.*

## III Other information

### 1) Reasons of loss or inadequate profits :

*The Desktop Market continued to face cutthroat competition with branded Indian and MNC, the margin of the Company is under pressure. The Company is currently in the phase of consolidating its presence in the new product already launched related to Laboratory Management Solutions, GPS/GIS based solutions and IT security consulting. These line of activities would bring growth and improved profit margins of the Company.*

### 2) Steps taken or proposed to be taken for improvement :

*As above*

### 3) Expected increase in productivity and profits in measurable terms

*It is expected that from the financial year ending 31<sup>st</sup> March, 2008 and onwards, the Company's top line would increase marginally and the net profit shall improve handsomely.*

## IV Disclosures

### 1) The shareholders of the company shall be informed of the remuneration package of the managerial person.

*Given under explanatory statement in the accompanying notice.*

### 2) The following disclosures shall be mentioned in the Board of Directors' Report under the heading 'Corporate Governance', if any, attached to the annual report :-

#### (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors;

*Disclosed in the Corporate Governance Report and accompanying notice.*

#### (ii) Details of fixed component and performance linked incentives along with the performance criteria;

*Relevant information furnished in the Corporate Governance Report.*

#### (iii) Service contracts, notice period, severance fees;

*The increased remuneration and appointment is for a period of three years w. e. f. 25<sup>th</sup> November, 2007 to 24<sup>th</sup> November, 2010. The appointment is contractual and can be terminated by either party by giving 3 (three) months notice in advance.*

#### (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

*- The ESOP Plan 2004 of the Company has not been implemented so far.*

Registered Office:  
148/151 Alandi Markaal Road,  
Village Dhanore Alandi  
Dist Pune 412 106

Mumbai, September 29, 2007

By Order of the Board  
For PCS Technology Ltd.

**Bhaskar J Patel**  
Company Secretary

# PCS TECHNOLOGY LIMITED

## DIRECTORS' REPORT

The Members,

### PCS TECHNOLOGY LIMITED

Your Directors have the pleasure in presenting their Twenty Sixth Annual Report together with Audited Accounts for financial year ended 30<sup>th</sup> June, 2007.

### FINANCIAL RESULTS

(Rs. In lacs)

| Particulars                              | 12 months<br>Financial Year ended<br>30.06.2007 | 15 months<br>Financial period ended<br>30.06.2006 |
|--|---|---|
| Gross Revenue                            | 34,514  | 43,353  |
| Gross Profit                             | 887   | 856   |
| Depreciation                             | 218   | 249   |
| Profit for the year from Operations      | 669   | 607   |
| Bad Debts, Remission & Exceptional items | 28  | 97  |
| Provision for Taxation                   | 303   | 248   |
| Profit for the year                      | 338   | 262   |
| Net Surplus available for Appropriation  | 1,388   | 1,050   |
| Balance Carried to Balance Sheet         | 1,388   | 1,050   |

### OPERATIONS

During the year under review, your Company has achieved Gross Turnover of Rs. 334 crores (12 months) as against Rs 421 crores (15 months).

The production activities of Copper Clad Laminates (CCL) division of the Company at Pune, continued to be suspended due to adverse market conditions. The Company is utilising the facilities at Alandi Unit for production of Computer Systems.

### DIVIDEND

In order to conserve the resources of the Company, your Directors express their inability to recommend dividend for the current financial year ended 30<sup>th</sup> June, 2007.

### DIRECTORS

During the current financial year the Board has re-designated Mr. A. K. Patni as Vice Chairman and Mr. H.C Tandon as Managing Director & CEO of the Company w. e. f. 28<sup>th</sup> October, 2006.

As per the Article 135 of the Articles of Association of the company, Mr. N. K. Patni, Mr. K. K. Barjatya and Mr. D. B. Engineer, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment on the Board of your Company.

Mr. Apoorva Patni has been appointed as an Additional Director of the Company w. e. f. 28<sup>th</sup> July, 2007 to hold office up to the date of ensuing Annual General Meeting, at which his appointment as Director will be placed for your approval.

Mr. H. C. Tandon is a Managing Director & CEO of the Company. His term of appointment expires in the current financial year. The Board has re-appointed him for a further period of three years from the expiry of their present term on revised terms, conditions and remuneration subject to the approval of Members at the ensuing General Meeting. Further, he is not liable to retire by rotation.

A brief note on Directors retiring by rotation and eligible for re-appointment/appointment is furnished in the notice convening the Annual General Meeting.