

WE SPEAK GLOBAL LANGUAGE.

THE LANGUAGE OF LIFE...



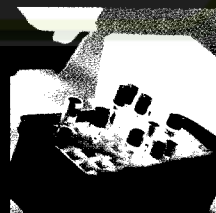
Herbal



Generics



FMCG



Disposables



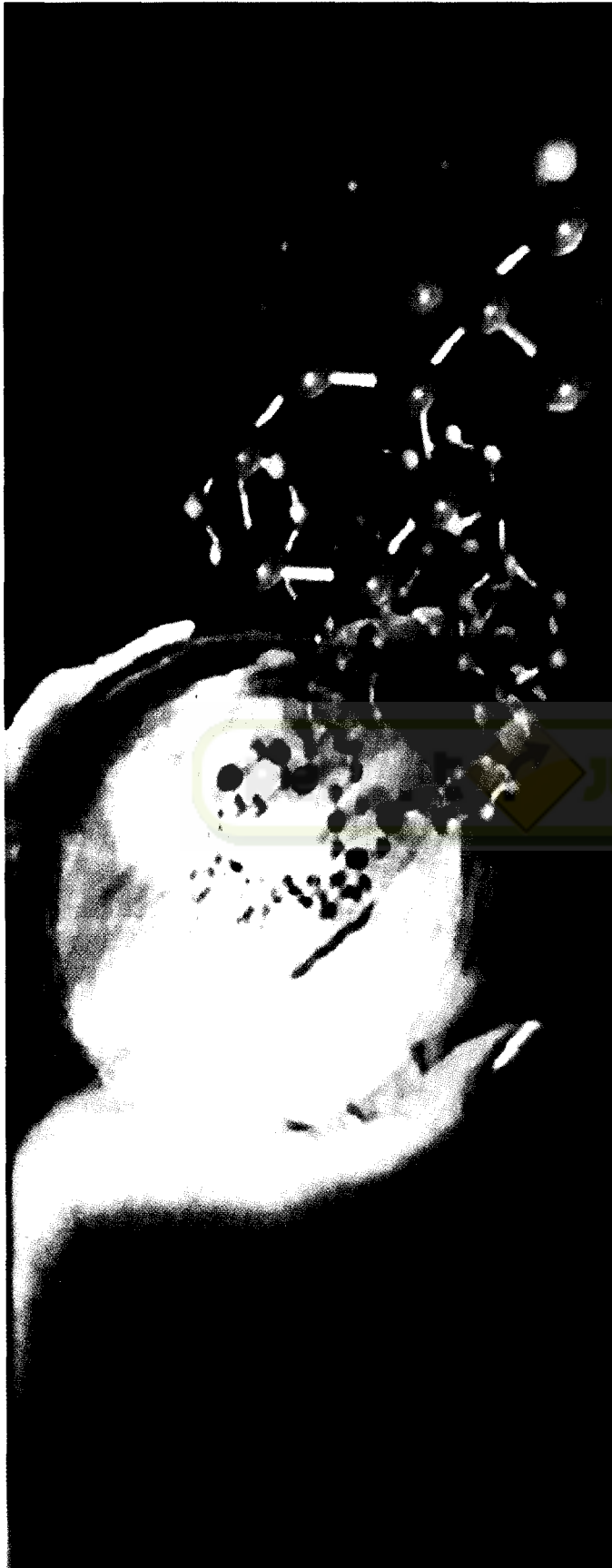
International
Business



Branded
Formulation



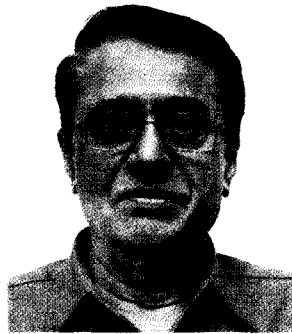
Diagnostics



Rising cost of development, increasing threat from Generic competition, sinking profit margins are the factors that propelled the industry to go for intensive R & D to fuel their profit margins that will allow them to compete the inevitable league of giants created by current activity relaying on high-risk, high-reward blockbusters.


Plethico
PHARMACEUTICALS LTD.

Board of Directors



Shashikant Patel
Chairman cum Managing Director



Chirag Patel
Chief Executive Officer



Gauravi Parikh
Executive Director

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Independent Directors



G.N. Qazi



Ashok Sodhani



Pramod K. Shrivastava



Abhay Suhane



Pankaj Pabaiya
Company Secretary

Board of Directors

Chairman cum Managing Director
Shashikant Patel

Chief Executive Officer
Chirag Patel

Directors
Gauravi Parikh
Ashok Sodhani
G.N. Qazi
Pramod K. Shrivastava
Abhay Suhane

Company Secretary
Pankaj Pabaiya

Auditors

N.P. Gandhi & Co., Chartered Accountants

Cost Auditors

Vijay P. Joshi & Associates, Cost Accountants

Share Transfer Agent

Intime Spectrum Registry Ltd.,
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (West),
 Mumbai 400078

Registered Office

A.B. Road, Manglia 453771, Dist. Indore (M.P.)

Admn, Office

37, Industrial Estate, Pologround, Indore 452015 (M.P.)

Corporate Office

1st Floor, Crimpage Corporation, Plot No. 57, Street No.
 17, MIDC, Andheri (W), Mumbai 400093

Website

www.plethico.com

Bankers

Bank of Baroda
 State Bank of Indore
 IDBI Bank Ltd.
 GE Capital Services India

Operational Planning and Execution Committee (opec)

Rajiv Bedi
 Hemant Modi
 Sanjay Pai
 Sharad Kumar
 K.R. Krishnan
 Manoj Javkar

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OPERATIONAL PLANNING AND EXECUTION COMMITTEE (OPEC)



Rajiv Bedi
President



Hemant Modi
Chief Operating Officer



Sanjay Pai
Chief Finance Officer



K.R. Krishnan
Asst. Vice President



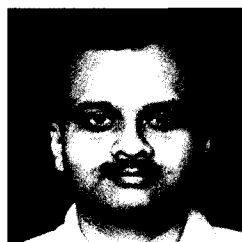
Sharad Kumar
Vice President Works



Manoj Javkar
General Manager CPD

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KEY MANAGERIAL PERSON



Arvind Padiyar
GM-Herbal



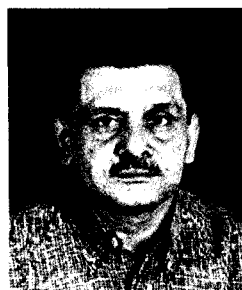
Roopak Kumar
DGM-QC&RS



Uppin Gangadhar
GM-Works



N.C.S. Reddy
Manager-R&D



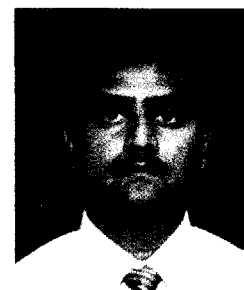
Ashok Mehta
GM-QA



P. L. Rapheal
Sr. Manager-Excise



Mukesh Bhadauria
Manager-IT



Mahesh Munot
Sr. Manager-Projects

Listing Ceremony (May 2006)





NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of PLETHICO PHARMACEUTICALS LIMITED will be held on Friday, 30th day of March, 2007 at 9.30 A.M. at the registered office of the Company situated at A.B. Road, Manglia - 453771, Indore (M.P.), to transact the following business:

I. Ordinary Business:

- To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2006 and the Profit and Loss Account for the year ended 30th September, 2006 together with the Reports of the Board of Directors and Auditor thereon.
- To declare dividend of Rs. 2.50 per equity share i.e. @ 25%.
- To appoint a director in place of Mr. Chirag Patel, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

II. Special Business by Ordinary Resolution:

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

"RESOLVED THAT Shri Ashok Sodhani who was appointed as Additional Director by the Board to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose, Shri Ashok Sodhani as a candidate for the office of the Director be and is hereby elected and appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Dr. G.N. Qazi who was appointed as Additional Director by the Board to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose, Dr. G.N. Qazi as a candidate for the office of the Director be and is hereby elected and appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Shri Pramod Kishore Shrivastava who was appointed as Additional Director by the Board to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose, Shri Pramod Kishore Shrivastava as a candidate for the office of the Director be and is hereby elected and appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Shri Abhay Suhane who was appointed as Additional Director by the Board to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose, Shri Abhay Suhane as a candidate for the office of the Director be and is hereby elected and appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to Section 309 and other applicable sections of the Companies Act, 1956, as amended from time to time, and pursuant to the provisions of Clause 49 of the Listing

Agreement with the Stock Exchanges, subject to such approvals, consents, permission and sanctions as may be required from appropriate authorities from time to time, if any, the consent of the members be and is hereby granted to pay compensation/sitting fees to Non Executive Directors (including Independent Directors) towards their professional services to the Company and that the Board of Directors of the Company be and are hereby authorized to fix compensation/sitting fees payable to the Non-Executive and Independent Directors for their professional services and fees for attending the board meetings."

III. Special Business by Special Resolution:

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 302, 309 & 310 read with the provisions of Schedule XIII of the Companies Act, 1956 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) the consent of the members of the Company be and is hereby granted for revision in the remuneration and benefits payable to Shri Shashikant Patel, Chairman cum Managing Director of the Company effective from 1st day of January, 2007 for the remaining part of his tenure till 31st March, 2008, as given herein under.

Category A:

- Basic Salary: Rs. 11,30,000/- per month.
- Allowances & Perquisites:
 - Company shall provide rent-free furnished residential accommodation or House Rent Allowance shall be paid to him subject to a maximum of Rs. 5,65,000/- per month.
If Chairman cum Managing Director opts for House Rent Allowance then expenditure on his electricity, water and furnishing etc. shall not be borne by the Company.
 - Re-imbursement of medical expenses of the Chairman cum Managing Director and his family, the total cost of which to the Company shall not exceed Rs. 20,000/- per month.
 - Leave travel assistance: Expenses incurred for self and family will be Rs. 2,82,500/- per month.
 - Incentive (Fixed) : Rs. 2,26,000/- per month.
 - Professional Pursuit Allowance : Rs. 8,00,000/- per month.
 - Transport Allowance : Rs. 4,500/- per month
 - Assistance Helper Allowance : Rs. 1,00,000/- per month
 - Washing Allowance : Rs. 1,00,000/- per month.

Category B:

- Contribution to the Provident Fund, Family Benefit Fund, Superannuation Fund as per Rules of the Company.
- Bonus & Gratuity as per rules of the Company.
- Earned Privilege Leave: As per the rules of the Company subject to the condition that the leave accumulated but not availed of, will be allowed to be encashed for 15 days salary for every year of completed services at the end of the tenure.

Category C:

- Car: The Company shall provide one car with driver for



the Company's business.

- ii. Telephone: Free use of one telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the Chairman cum Managing Director.
- iii. Mobile : One mobile phone with instrument shall be provided to the Chairman cum Managing Director for Company's business.

Note -For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee."

"RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Shashikant Patel, Chairman cum Managing Director shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT Shri Shashikant Patel, Chairman cum Managing Director shall also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as available to other senior executives of the Company from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things in all matter related to the emoluments, benefits, amenities, perquisites etc. of Shri Shashikant Patel in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto or as may be otherwise considered by it subject to be in the best interest of the Company."

11. To consider and if thought fit to pass the following Resolution with or without modification(s) if any, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 198, 269, 302, 309 & 310 read with the provisions of Schedule XIII of the Companies Act, 1956 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) the consent of the members of the Company be and is hereby granted for revision in the remuneration and benefits payable to Shri Chirag Patel, Whole Time Director & Chief Executive Officer of the Company effective from 1st day of January, 2007 for the remaining part of his tenure till 31st March, 2008, as given herein under.

Category A:

- (a) Basic Salary: Rs. 5,00,000/- per month.
- (b) Allowances & Perquisites:
 - i. Company shall provide rent-free furnished residential accommodation or House Rent Allowance shall be paid to him subject to a maximum of Rs. 2,50,000/- per month.
If Whole Time Director & Chief Executive Officer opts for House Rent Allowance then expenditure on his electricity, water and furnishing etc. shall not be borne by the Company.
 - ii. Re-imbursement of medical expenses of the Whole Time Director & Chief Executive Officer and his family, the total cost of which to the Company shall not exceed Rs. 10,000/- per month.
 - iii. Leave travel assistance: Expenses incurred for self and family will be Rs. 1,00,000/- per month.
 - iv. Incentive (Fixed) : Rs. 1,00,000/- per month.
 - v. Professional Pursuit Allowance : Rs. 4,75,000/- per month.

- vi. Children Education Allowance : Rs. 10,000/- per month.
- vii. Children Hostel Allowance : Rs. 25,000/- per month.
- viii. Transport Allowance : Rs. 4,000/- per month.
- ix. Assistance Helper Allowance : Rs. 70,000/- per month.
- x. Washing Allowance : Rs. 70,000/- per month.

Category B:

- i. Contribution to the Provident Fund, Family Benefit Fund, Superannuation Fund as per Rules of the Company.
- ii. Bonus & Gratuity as per rules of the Company.
- iii. Earned Privilege Leave: As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed services at the end of the tenure.

Category C:

- i. Car: The Company shall provide one car with driver for the Company's business.
- ii. Telephone: Free use of one telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the Whole Time Director & Chief Executive Officer.
- iii. Mobile : One mobile phone with instrument shall be provided to the Whole Time Director & Chief Executive Officer.

Note-For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee."

"RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Chirag Patel, Whole Time Director & Chief Executive Officer shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT Shri Chirag Patel, Whole Time Director & Chief Executive Officer shall also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as available to other senior executives of the Company from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things in all matter related to the emoluments, benefits, amenities, perquisites etc. of Shri Chirag Patel in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto or as may be otherwise considered by it subject to be in the best interest of the Company."

12. To consider and if thought fit to pass the following Resolution with or without modification(s) if any, as a Special Resolution:

"RESOLVED THAT the Board of Director of the Company be and hereby authorized to finalize the proposals related to acquisition of retail Pharmacy Chain and / or Manufacturing Unit and / or OTC Brand and / or Marketing Firms etc. in the US markets requiring total investment not exceeding Rs. 400 Crores by fulfilling all the formalities as required to be complied with under different Acts as are in force."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby also authorized to depute one or more senior executives of the Company to conclude the deal related to such acquisitions and to finalize key terms and conditions of such deal and to enter into necessary agreement/MOU with the related parties for such acquisition and to fulfill all the formalities as required to be complied



with under different Acts are in force."

13. To consider and if thought fit to pass the following Resolution with or without modification(s) if any, as a Special Resolution:

"RESOLVED THAT unutilized portion of IPO proceeds up to maximum extent of Rs. 35 Crores be utilized by the Company for Company's proposals related to acquisition of retail Pharmacy Chain and / or Manufacturing Unit and / or OTC Brand and / or Marketing Firms etc. in the US markets."

"FURTHER RESOLVED THAT the projects specified in the prospectus dated 19.04.2006 aggregating to Rs. 152.56 Crores shall now be accomplished out of IPO Proceeds to the extent of Rs.75 Crores and balance Rs.77.56 Crores out of Company's internal accruals/bank finance or any other finance option available."

14. To consider and if thought fit to pass the following Resolution with or without modification(s) if any, as a Special Resolution:

"RESOLVED THAT in order to finance the proposals related to the acquisition of retail Pharmacy Chain and / or Manufacturing Unit and / or OTC Brand and / or Marketing Firms etc. in the US markets as finalized, the Company be and is hereby authorized to issue Foreign Currency Convertible Bond (FCCB) not exceeding US\$ 75 Million (approx. Rs. 330 Crores), subject to however compliance of applicable rules, regulations and guidelines as issued by the Reserve Bank of India or all other regulatory authorities from time to time as well as compliance of applicable provisions of the Foreign Exchange Management Act, 1999".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize all the matters related to issue of such FCCB for and on behalf of the Company after complying all necessary rules and regulations as applicable from time to time and the Board of Directors of the Company is further authorize to depute one or more senior executives of the Company to finalize all the issue and key terms and conditions related to the issue of FCCB, and to enter into all necessary agreements/MOU etc. in this regard for and on behalf of the Company."

By Order of the Board of Directors

Pankaj Pabaiya
Company Secretary

Indore, 26th February 2007

Notes -

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy in order to be effective must be received by the Company at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain close from 27.03.2007 to 30.03.2007 (both days inclusive).
3. Subject to the provisions of section 206A of the Companies Act, 1956, the dividend for the year ended 30th September 2006 as recommended by the Board, if declared at the meeting, will be payable on or after 30th March, 2007 to the members so entitled, whose names appear in the register of members as on opening of 27th March, 2007.
4. Members holding shares in the demat mode may please note that, the bank details as furnished by the respective Depositories to the Company will be used for the purpose of distribution of dividend and the same will be printed on the dividend warrants or will be used for payment through ECS, where such facility is available. Members holding shares in demat mode check their bank account details with their depository participants. The Company or the Share Transfer Agents will not act on any direct request from these members for

change/deletion in such bank details.

5. Members are requested to notify immediately change of address/pin code (if not provided earlier):
 - (i) to their Depository Participants (DPs) in respect of their electronic share accounts; and
 - (ii) to the Company to its Share Transfer Agents in respect of their physical share folios, if any.
6. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company on all working days, except Saturdays between 11.00 a.m. to 1.00 p.m.
7. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that desired information required can be made available at the Meeting.
8. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the electronic form with any Depository Participants (DPs) with whom the members/investors are having their depository account. The ISIN No. for the Equity Shares of the Company is INE491H01018, and all the query/difficulty relating thereto may be addressed to the Share Transfer Agent.
9. Pursuant to the Clause No. 49 of the Listing Agreement, profile of the Directors proposed for appointment/re-appointment is being given in a statement containing details of the concerned Directors attached hereto.
10. An Explanatory Statement under section 173(2) of the Companies Act, 1956 is annexed hereto.
11. The Company has obtained extension, from the Ministry of Company Affairs, office of the Registrar of Companies, M.P. & Chhattisgarh, vide approval letter No. ROC-G/6801/Extn.u/s166/2006/5542 dated 11.10.2006, for holding the Annual General Meeting for the financial year ending 30.09.2006 (which is due to be held on or before 31.12.2006) upto 31.03.2007.

Information pursuant to revised Clause 49 of the listing agreement regarding the appointment and re-appointment of Directors:

1. Mr. Chirag Patel

Resume & Expertise : He is the new breed of young dynamic entrepreneurs aged 37 years with bright, innovative & fresh ideas to do business. He has got rich experience in global pharma business for the last 8 years and is a strong advocate of brand building. He has been responsible for the Company's foray into consumer healthcare business and international operations. Mr. C.S.Patel started his career as a dynamic apprentice to Mr. Bhaskar Patel, who trained him on the Sales, Distribution, Production and Finance skills. Mr. C.S.Patel who was a quick learner set sight on entering active business in 1996. He was responsible for the serious foray into Exports by the Company. Within a short time he started to extensively travel in the markets, which were shortlisted for entry. These were the CIS & African markets. The objective was to carefully understand the market dynamics, the economy for its potential for business and also whether there could be perceived threat of the foreign exchange policy taking a massive change.

Directorship in other Companies : Plethico Finance Limited;
Plethico Laboratories Pvt. Ltd.
Plazma Laboratories Pvt. Ltd.

Membership in Committees : Nil
Shareholding in equity shares of the Company : 34000 Equity shares.

2. Mr. Ashok Sodhani

Resume & Expertise : Aged about 44 years. He is a Chartered Accountant having experience of more than 18 years and has a good exposure in Systems development and monitoring, Financial Structuring



and Project Planning, Management Audits & HRD etc. He is member in the advisory board of The New Digamber Public School, Indore and member of the Managing Committee of the Institute of Chartered Accountants of India, Indore Branch.

Directorship in other Companies : Porwal Auto Components Limited
Membership in Committees : Audit Committee, Shareholders/ Investors Grievance Committee and Remuneration Committee of Plethico Pharmaceuticals Ltd.

Shareholding in equity shares of the Company : Nil.

3. Dr. G.N. Qazi

Resume & Expertise : Aged about 59 years. He is M. Sc. (Biochemistry) and Ph.D. (Microbiology) from M.S. University Baroda, Gujarat and having more than 37 years research experience in the area of Biochemistry and Microbial Biotechnology. Presently he is working as a Director of Regional Research Laboratory - Jammu Tawi, a constituent establishment of the Council of Scientific and Industrial Research, New Delhi, a Government of India establishment. He also holds membership of various committees, societies, Academies and Professional bodies etc., some of them are New York Academy of Sciences - USA (Member), Association of Microbiologists of India (AMI) (Member), Society of Biological Chemists of India (Member), Founder Course Director of Department of Biotechnology - University of Jammu, Member Advisory Board of JK Journal of Medical Education and Research, Member Research Council - National Chemical Laboratory, Pune, Member, Sub Group Committee on Drugs & Pharmaceuticals Research, constituted by Planning Commission, New Delhi. He possesses good knowledge in Fermentation Process and Biological Processes, Bioreactor design, Pressure fermentation and conducted many research projects for different reputed Companies on the other subjects besides other research work. He has also conducted many training programs in India and abroad and also delivered number of lectures in various seminars organized by different universities / organizations in India and abroad.

Directorship in other Companies : Nil
Membership in Committees : Nil.
Shareholding in equity shares of the Company : Nil.

4. Mr. Pramod K. Shrivastava

Resume & Expertise : He is new breed of young Chartered Accountant. He is aged 28 years and is postgraduate in Economics. He has completed his Chartered Accountancy and I.C.WA. (Inter) in 2004. He is also pursuing PG diploma course in "Certified Treasury Manager" of ICAI. Within a short span of 2 years, he was exposed to international trade financing and treasury operations. He has extensive experience in the field of arrangement of finance for trade around the world like London, Hong-Kong, Singapore, Brussels, San Francisco, Osaka, Bahrain, Frankfurt and Tokyo etc. He has expertise in trade, finance, forex, investments and various banking operations. He has good exposure in setting up a wholly owned subsidiary/joint venture of an Indian Company out side India.

Directorship in other Companies : Nil
Membership in Committees : Audit Committee, Shareholders/ Investors Grievance Committee, and Remuneration Committee of Plethico Pharmaceuticals Ltd.

Shareholding in equity shares of the Company : Nil.

5. Mr. Abhay Suhane

Resume & Expertise : He is aged about 29 years is B. Com. & MBA from Devi Ahilya Vishav Vidyalyaya, Indore and has very good knowledge in the field of Finance, Marketing, Derivatives, Commodity and Capital Market in India. He has done lots of studies on Commodities Market, Capital Markets and Derivatives. He is a good analyst & researcher and presently

undertaken research on "Consumer Preference towards soft drinks", "Banking in new millennium in India" etc.

Directorship in other Companies : Nil
Membership in Committees : Audit Committee, Shareholders/ Investors Grievance Committee and Remuneration Committee of Plethico Pharmaceuticals Ltd.

Shareholding in equity shares of the Company : Nil.

Annexure to the notice

Explanatory statement in pursuant to the provisions of section 173(2) of the Companies Act, 1956 in respect to the special business

Item No. 5 to 8

To broad base the Board of Directors and to comply with the requirement of Clause 49 of the listing agreement Shri Ashok Sodhani, Dr. G.N. Qazi, Shri Pramod K. Shrivastava and Shri Abhay Suhane were appointed by the Board as Additional Directors in the category of non-executive independent Directors of the Company to hold office till the date of the ensuing Annual General Meeting.

The Company has received notices under section 257 of the Companies Act, 1956 from members proposing their appointment for the office of the Directors of the Company. All the above named persons have expertise in different field (their brief resume including other details) as per Clause 49 of the Listing Agreement is given in this annual report and form part of this notice.

The Board recommends for the appointment of Shri Ashok Sodhani, Dr. G.N. Qazi, Shri Pramod K. Shrivastava and Shri Abhay Suhane and proposes to pass the resolution as set out in item No. 5 to 8 of the Notice by way of ordinary resolution.

Except, Shri Ashok Sodhani, Dr. G.N. Qazi, Shri Pramod K. Shrivastava and Shri Abhay Suhane, none of the directors of the Company are interested or concerned in the resolutions as set out in item No. 5 to 8 respectively.

Item No. 9

The Securities Exchange Board of India (SEBI) has revised Clause 49 (the Corporate Governance norms) of the Listing Agreement and the revised clause 49 has come into effect from 1 January, 2006 and according to one of the revised clause 49 of the Listing Agreement, all the fees and compensation, if any paid to non-executive Directors, including Independent Directors, shall be fixed by the Board of Directors, and shall require previous approval of the shareholders in general meeting.

Provided that the requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 1956 for payment of sitting fees without approval of the Central Government.

The non-executive/independent directors of your Company have expertise in different fields. The Company from time to time seeks their expert advice on various matters/subjects. It is currently proposed that non-executive /independent directors be compensated for their services to the Company in the field of expertise including the sitting fees for attending the board and committees meetings and the Board of Directors be authorized to fix the compensation/sitting fees of such amounts in any form/manner.

Except, Shri Ashok Sodhani, Dr. G.N. Qazi, Shri Pramod K. Shrivastava and Shri Abhay Suhane, none of the Directors of the Company are interested.

The Board recommends the resolution set forth in item no. 9 of notice by way of ordinary resolution for approval of the members.