

Annual Report 2005-2006

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PODDAR PIGMENTS LTD.

BOARD OF DIRECTORS

Smt. Kusum Poddar

Shri M.K. Sonthalia

Shri N. Gopalaswamy

Shri R.K. Sureka, CEO

Shri S.S. Poddar, Managing Director

Shri V. K. Fogla

AUDITORS

M/s. K.N. Gutgutia & Company

Chartered Accountants

New Delhi

BANKERS

State Bank of India

Punjab National Bank

REGISTERED OFFICE & WORKS

RIICO Industrial Area,

Sitapura, Jaipur - 302 022

(Rajasthan)

CORPORATE OFFICE

301, 'Abhishek'

Off New Link Road,

Andheri (West), Mumbai - 400 053

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NOTICE

NOTICE is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING of the Company will be held at the Registered Office of the Company at RIICO INDUSTRIAL AREA, SITAPURA, JAIPUR-302022 (RAJASTHAN) on Thursday, the 7th September, 2006 AT 11.00 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri N. Gopalaswamy who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 & Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to statutory approvals, if any, consent be and is hereby accorded for assignment of Keyman Insurance Policy taken in the name of Shri S.S. Poddar, Managing Director of the Company at the surrender value determined at the time of assignment.

FURTHER RESOLVED that the said policy to be so assigned to Shri S.S. Poddar, Managing Director of the Company shall be exclusive of all the other benefits being paid in terms of his appointment as Managing Director."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 & Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to statutory approvals, if any , consent be and is hereby accorded for assignment of Keyman Insurance Policy taken in the name of Shri R.K. Sureka,

Director & CEO of the Company at the surrender value determined at the time of assignment.

FURTHER RESOLVED that the said policy to be so assigned to Shri R.K. Sureka, Director & CEO of the Company shall be exclusive of all the other benefits being paid in terms of his appointment as Director & CEO."

NOTES :

1. Explanatory Statement as required under section 173 (2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Proxies in order to be effective must reach to the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from 01.09.2006 to 07.09.2006 (both days inclusive)
5. Members are requested :-
 - (a) to bring their copy of the Annual Report at the Meeting.
 - (b) to notify any change in their address to the Company
6. In case of physical shares, the instrument of Share Transfer complete in all respect should be sent so as to reach to the Registered Office of the Company or at the office of R & T Agent prior to the closure of the Register of Members as stated above.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day till the date of Fifteenth Annual General Meeting from 10.30 A.M. to 12.30 P.M.

By order of the Board

PLACE : JAIPUR
DATED : 19th JULY, 2006

SANJAY MEHTA
SR.DGM (FINANCE) &
COMPANY SECRETARY



ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

Item No. 4

Shri S.S. Poddar, Managing Director of the Company, has been re-appointed by the Members of the Company in their Annual General Meeting held on 13.09.2004 for a period of 3 years i.e. upto 30.09.2007 at a remuneration as per Schedule XIII to the Companies Act, 1956.

In pursuance of the Human Resource policy of the Company, the Board of Directors of the Company insured itself against the risk of life of its Key managerial persons and other senior employees including certain executives, officers by taking insurance policies.

Masterbatch industry is a high-tech industry where long term employment of Senior Personnel plays an advantageous role. Looking to the present market conditions, to develop more belongingness and to bind the terms of employment of senior personnel, and to enable the Company to retain top executives, the company has taken the Keyman Insurance Policy in the name of senior personnel with the understanding that the same will be assigned to the respective personnel on completion of stipulated service period or earlier, as may be decided by the Board.

Accordingly, the Company has taken the Keyman Insurance Policy for Rs. 50 lacs in the name of Shri S.S. Poddar, Managing Director of the Company on 28.04.2002 for a period of 10 years and the policy will mature on 28.04.2012. As per terms of policy, the last premium is payable on 28.04.2007. As per the policy of the Company, the Remuneration Committee has also recommended the assignment of policy in favour of Shri S.S. Poddar, Managing Director at the surrender value determined at the time of assignment in their meeting held on 3rd July, 2006

Since such assignment may exceed the limits

prescribed in Para (B) of Section – II of Part – II of Schedule XIII to the Companies Act, 1956 in case of inadequacy of profits at the time of assignment and the fact that earlier remuneration has been fixed by Shareholders in their 13th Annual General Meeting, the permission of members is required in terms of Para (C) of Section – II of Part – II of Schedule XIII to the Companies Act, 1956. The Directors, therefore, recommend this resolution for members' approval.

As required under Para (C) of Section – II of Part – II of the amended Schedule XIII to the Companies Act, 1956 the relevant details to be sent alongwith the notice calling the General Meeting are as under :

I GENERAL INFORMATION

- Nature of Industry:** Masterbatch and Engineering Plastic Compounds.
- Date or expected date of commencement of commercial production:** Incorporated in the year 1991. The commercial production has already commenced.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not applicable.
- Financial performance based on given indicators :**

| Particulars for the financial year ended 31.03.2006 | Rs. in lacs |
|--|-------------|
| Sales including other Income | 8586 |
| Operating Profit (before Interest, Depreciation and Tax) | 472 |
| Profit Before Tax | 167 |

- Export Performance and net foreign exchange collaborations:** The earning in Foreign Exchange by Exports for the year ended 31.03.2006 was Rs. 1450.33 lacs.
- Foreign investment of collaborators, if any :** Not applicable



II INFORMATION ABOUT THE MANAGING DIRECTOR :

1. **Background, recognition and award details :** Shri S.S. Poddar, a graduate Engineer, aged 57 years is Managing Director of the Company since 01.07.1994. He has wide industrial experience spanning over 34 years. The Company has progressed substantially under his leadership.

2. **Past Remuneration :** The present remuneration of Shri S.S. Poddar approved by the Members of the Company at their Annual General Meeting held on 13.09.2004 is as under :

A. Basic Salary : Rs. 1 25 000/- P.M.

B. Perquisites : Rs. 1 75 000/- P.M.

Total Remuneration : Rs. 3 00 000/- P.M.

Commission @ 1% of the Net Profits subject to adequacy of Profits as calculated under section 349 & 350 of the Companies Act, 1956.

3. **Job Profile and his suitability :** Sh. S. S. Poddar, Managing Director of the Company is responsible for overall management of affairs of the Company. He is vested with substantial powers of management under the supervision, control and direction of the Board of Directors. He has been instrumental in deciding Company's policy planning, long term vision and is responsible to evolve strategies to combat competition and to attain targets of the Company besides inculcating Corporate Governance and ensuring co-ordination among Board.

4. **Remuneration Proposed :** The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 3rd July, 2006 and 19th July, 2006 approved the assignment of Keyman Insurance Policy of Rs. 50 lacs at the surrender value determined at the time of assignment, in the name of Shri S. S. Poddar, the Managing Director of the Company. This is in addition to other benefits being paid to Shri S.S. Poddar in terms of his appointment approved by the Members of the

Company in their Annual General Meeting held on 13.09.2004.

5. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person :** The executives' remuneration in the industry is on the rise. Appreciating this, the Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing with the remuneration of managerial person. The "Remuneration Committee" constituted by the Board in terms of the said Schedule perused remuneration of managerial persons in the industry and other companies comparable with the size of the Company, industry benchmarks in general, profile and responsibilities of Shri S.S. Poddar before approving the remuneration as proposed herein before.

6. **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any :** Besides the remuneration proposed, Shri S.S. Poddar does not have any pecuniary relationship with the Company. Smt. Kusum Poddar, Director of the Company, is wife of Shri S.S. Poddar.

III OTHER INFORMATION :

1. **Reasons of loss or inadequate profits :** Masterbatch Industry is a high-tech industry and requires continuous R&D both on the existing product line and new product development to retain and expand market share. Competition in the industry is increasing which coupled with increase in cost of imported raw materials due to exchange fluctuation is creating pressure on margins. During the last year, the company had inadequate profits in terms of Section 349 & 350 of the Companies Act, 1956.

2. **Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms :** With a view to improve overall profitability and financial health, the company has taken major steps which inter-alia includes conversion of high



interest rate debts into lower interest rate, major marketing re-structuring for exports, reduction in production cost through implementation of energy saving measures, sourcing of cheaper raw materials, increase in productivity through better combination of product mix, increase in product range to cater requirement of different segments and strengthening of its R&D Division on continuous basis. The exports of the company has increased by 66% in the year 2005-06 over the previous year. In the current financial year, the Company expects further increase in turnover and profits.

The proposed remuneration of Shri S.S. Poddar has been approved by the Remuneration Committee in terms of Schedule XIII to the Companies Act at its meeting held on 3rd July, 2006. The Company has not made any default in payment of any of its debts (including deposits) or interest payable thereon for the continuous period of 30 days in the preceding financial year. The specified information required to be given to the shareholders alongwith the Notice is given in the preceding paragraphs. The Resolution is therefore recommended by the Board of Directors to the shareholders to be passed as a Special Resolution.

The Resolution and Explanatory Statement be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors except Sh. S.S. Poddar being the Managing Director and Smt. Kusum Poddar being relative of Sh. S. S. Poddar is concerned or interested in this resolution.

Item No. 5

Shri R.K. Sureka, Director & CEO of the Company, has been re-appointed by the Members of the Company in their Annual General Meeting held on 13.09.2004 for a period of 5 years at a remuneration as per Schedule XIII to the Companies Act, 1956 i.e. upto 30.09.2009.

In pursuance of the Human Resource policy of the Company, the Board of Directors of the Company

insured itself against the risk of life of its Key managerial persons and other senior employees including certain executives, officers by taking insurance policies.

Masterbatch industry is a high-tech industry where long term employment of Senior Personnel plays an advantageous role. Looking to the present market conditions, to develop more belongingness and to bind the terms of employment of senior personnel and to enable the company to retain top executives, the Company has taken the Keyman Insurance Policy in the name of senior personnel with the understanding that the same will be assigned to the respective personnel on completion of stipulated service period or earlier, as may be decided by the Board.

Accordingly, the Company has taken the Keyman Insurance Policy for Rs. 30 lacs in the name of Shri R.K. Sureka, Director & CEO of the Company on 28.03.2002 for a period of 10 years and the policy will mature on 28.03.2012. As per terms of policy, the last premium is payable on 28.03.2007. As per the policy of the Company, the Remuneration Committee has also recommended the assignment of policy in favour of Shri R.K. Sureka, Director & CEO at the surrender value determined at the time of assignment in their meeting held on 3rd July, 2006.

Since such assignment may exceed the limits prescribed in Para (B) of Section – II of Part – II of Schedule XIII to the Companies Act, 1956 in case of inadequacy of profits at the time of assignment and the fact that earlier remuneration has been fixed by Shareholders in their 13th Annual General Meeting, the permission of members is required in terms of Para (C) of Section – II of Part – II of Schedule XIII to the Companies Act, 1956. The Directors, therefore, recommend this resolution for members' approval.

As required under Para (C) of Section – II of Part – II of the amended Schedule XIII to the Companies Act, 1956 the relevant details to be sent alongwith the notice calling the General Meeting are given in above Point No. I & III of Item No. 4. The relevant information on Point No. II of Schedule is as under :



II INFORMATION ABOUT THE DIRECTOR & CEO :

1. Background, recognition and award details :

Shri R.K. Sureka, aged 49 years is the Whole Time Director of the Company since 01.06.1999. He is the member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has over 27 years of managerial experience. During his professional carrier, he has worked at very senior positions in industries and now working as CEO of the Company, controlling multifarious activities in the areas of Technical, R&D, Marketing, Finance, Commercial and overall administration. He has widely travelled abroad for upgradation of the technology of the Company, new expansions, creating international market for the Company in over twenty countries etc., and having excellent international exposure.

2. Past Remuneration : The present remuneration of Shri R.K. Sureka approved by the Members of the Company at their Annual General Meeting held on 13.09.2004 is as under :

| | |
|--------------------|-----------------------|
| A. Basic Salary | : Rs. 66 500/- P.M. |
| B. Perquisites | : Rs. 83 500/- P.M. |
| Total Remuneration | : Rs. 1 50 000/- P.M. |

3. Job Profile and his suitability : Sh. R.K. Sureka, Director & CEO of the Company is responsible for overall management of affairs of the Company. He is vested with substantial powers of management under the supervision, control and direction of the Board of Directors. He has been instrumental in deciding Company's policy planning, long term vision and is responsible to evolve strategies to combat competition and to attain targets of the Company.

4. Remuneration Proposed : The Remuneration Committee and the Board of Directors of the

Company at their respective meetings held on 3rd July, 2006 and 19th July, 2006 approved the assignment of Keyman Insurance Policy of Rs. 30 lacs at the surrender value determined at the time of assignment, in the name of Shri R.K. Sureka, Director & CEO of the Company. This is in addition to other benefits being paid to Shri R.K. Sureka in terms of his appointment approved by the Members of the Company in their Annual General Meeting held on 13.09.2004.

5. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any : Besides the remuneration proposed, Shri R. K. Sureka does not have any pecuniary relationship with the Company.

The proposed remuneration of Shri R. K. Sureka has been approved by the Remuneration Committee in terms of Schedule XIII to the Companies Act, 1956 at its meeting held on 3rd July, 2006. The Company has not made any default in payment of any of its debts (including deposits) or interest payable thereon for the continuous period of 30 days in the preceding financial year. The specified information required to be given to the shareholders alongwith the Notice is given in the preceding paragraphs. The Resolution is therefore recommended by the Board of Directors to the shareholders to be passed as a Special Resolution.

The Resolution and Explanatory Statement be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors except Sh. R.K. Sureka being the Director & CEO is concerned or interested in this resolution.

By order of the Board

SANJAY MEHTA

**SR.DGM (FINANCE) &
COMPANY SECRETARY**

PLACE : JAIPUR

DATED : 19th JULY, 2006



DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors are pleased to present the Fifteenth Annual Report on the business and operations of the Company, together with the Audited Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS

[Rs. in Lacs]

| PARTICULARS | 2005-2006 | 2004-2005 |
|---|-----------|-----------|
| Sales | 8 507 | 7 353 |
| Other Income | 79 | 105 |
| Sales including other income | 8 586 | 7 458 |
| Operating Profit before Interest, Depreciation & Tax | 472 | 533 |
| Interest | 82 | 64 |
| Depreciation | 223 | 306 |
| Misc. Expenditure written off | — | 5 |
| Net Profit before tax | 167 | 158 |
| Provision for Tax | | |
| — Current | 59 | 83 |
| — Deferred | (23) | (42) |
| — Fringe Benefit Tax | 12 | — |
| Net Profit after tax | 119 | 117 |
| Balance brought forward from previous year | 101 | 164 |
| Profit available for appropriations | 220 | 281 |
| APPROPRIATIONS | | |
| General Reserve | 83 | 180 |
| Balance Carried forward to Balance Sheet | 137 | 101 |

OPERATIONS

During the year, the Company has achieved total sales revenue of Rs. 8507 lacs as against Rs. 7353 lacs in the previous year registering an increase of 15.69%. The margins continue to be under pressure due to downward trends in realisations, coupled with increase in over-all expenses. Your Directors are optimistic about

better results during the current financial year due to implementation of various cost cutting-measures and improvement in the product mix.

MARKETING

The sustained demand for the products of the Company has helped towards facing price competition in both domestic and international markets as well as increase in sales. The over-all exports of the Company have registered an increase of 66% over the last year and direct exports by 123%. With continuous efforts and international quality standards, we expect further improvement in performance (particularly in exports) during the current year. The Company has identified new European markets and results are encouraging.

RESEARCH AND DEVELOPMENT

The R & D division of the Company, located at its plant, is being continuously strengthened as per International Standards/new developments.

EXPANSION

Considering the global scenario and the increased demand for the Company's products, further expansion in the capacity is under consideration. During the year the capacity has increased from existing 7000 MT to 7200 MT.

DIVIDEND

In order to augment resources, your Directors do not recommend any dividend for the year.

DIRECTORS

Shri N. Gopalaswamy retires by rotation at the ensuing Annual General Meeting pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, and being eligible, has offered himself for re-appointment.

CORPORATE GOVERNANCE

The report on Corporate Governance (in accordance with Clause 49 of the Listing agreement with the Stock Exchanges) along with the Auditors' certificate on its compliance by the Company and the Management Discussion & Analysis, which forms part of this report, has been included in the Annual Report.



COMPLIANCE WITH THE CODE OF CONDUCT

The Company has put in place a code of conduct from 23rd January, 2006 for its Board Members and Senior Management Personnel. Declarations of compliance with the code of conduct have been received from all concerned. A certificate to this effect from Shri S. S. Poddar, Managing Director form a part of this report.

DEPOSITS

The Company has not accepted any deposits during the year under review. Also there are no fixed deposits outstanding at the year end.

EMPLOYEES

No employee of the Company is covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

AUDITORS

M/s K. N. Gutgutia & Co., Chartered Accountants who were appointed the Auditors of the Company at the Fourteenth Annual General Meeting of the Company held on 17th September, 2005 retires at the conclusion of the Fifteenth Annual General Meeting and, being eligible, have offered themselves for re-appointment.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

Particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956 are enclosed as a part of the report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies

(Amendment) Act, 2000, the Directors confirm :-

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such accounting policies and applied them consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2006 and of the profit of the Company for the period ended on that date;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

The Management is grateful to the various Government and Semi-Government Authorities, Financial Institutions, Bankers, Investors, Marketing Dealers, Vendors and Customers for their valued support and co-operation.

The Directors also wish to place on record their appreciation for the dedication and excellent contribution of the employees in realising the objectives of the Company.

For and on behalf of the Board of Directors

PLACE : CHENNAI

R. K. Sureka

S. S. Poddar

DATED : 29th MAY, 2006

DIRECTOR & CEO

MANAGING DIRECTOR

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

I, S. S. Poddar, Managing Director of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and Senior Management, at a meeting of the Board of Directors held on 23rd January, 2006 and the Board Members and Senior Management have affirmed compliance with the said Code of Conduct.

For PODDAR PIGMENTS LIMITED

S. S. Poddar

MANAGING DIRECTOR

DATED : 29th MAY, 2006



ANNEXURE TO THE DIRECTORS' REPORT

I. ENERGY CONSERVATION

The Company continues to accord high priority to energy conservation on an ongoing basis. During the year, the Company has saved the power cost over 19% and consumption by 12% over the last year on implementation of the recommendations of the experts who have conducted the Energy Audit of the Company.

Particulars with respect to conservation of energy:-

| (A) Power & Fuel consumption | Current Year ended on 31.03.2006 | Previous Year ended on 31.03.2005 |
|------------------------------|----------------------------------|-----------------------------------|
|------------------------------|----------------------------------|-----------------------------------|

Electricity

| | | |
|---|-------------|-----------|
| (a) Purchased : | | |
| Units (Nos.) | 43 55 665 | 3 19 569 |
| Total Amount (Rs.) | 1 92 69 649 | 14 37 473 |
| Rate/Unit (Rs.) | 4.42 | 4.49 |
| (b) Own generation :- | | |
| Through Diesel | | |
| Units (Nos.) | 3 45 122 | 41 51 854 |
| Units per Ltr of Diesel | 3.37 | 3.52 |
| Cost/ Unit (Rs.) | 8.38 | 6.29 |
| (B) Consumption per unit of production :- | | |
| Production of Masterbatches & Plastic Compounds. (M.T.) | 5 277.00 | 4 384.93 |
| Electricity per M.T. of Production (Units) | 890.81 | 1 019.73 |

II. RESEARCH AND DEVELOPMENT (R&D)

| | |
|--|--|
| 1. Specific areas in which R&D was carried out by the Company. | Research & Development of new Range of Masterbatches & Plastic Compounds and process improvement in existing and new target applications. Imparting new properties in existing range of Masterbatches & Plastic Compounds. |
| 2. Benefits derived as a result of the above R&D. | (i) Wider Range of the Masterbatches & Plastic Compounds. (ii) Increase in Productivity. (iii) Improved customer satisfaction. (iv) Enhanced quality. |
| 3. Future plan of action | To continue development of new range of Masterbatches & Plastic Compounds for different applications. |
| 4. Expenditure on R&D | |
| (a) Capital | Rs. Nil |
| (b) Recurring | Rs. 38.94 lacs |
| (c) Total | Rs. 38.94 lacs |
| (d) Total R&D expenditure as a percentage of total turnover. | 0.45 per cent |

III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

| | |
|--|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation. | (i) Continuous efforts are made to secure and utilise the latest available technology, to keep pace with the latest manufacturing trends, keeping in mind the quality, cost reduction and capacity utilisation (ii) Interaction with academic institutions for research. (iii) In-house trials on new technology of mixing. |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, Import substitution, etc. | (i) The Company has been able to achieve superior quality production, which will result in higher realisation of finished goods. (ii) Introduction of new products. (iii) Technology upgradation. (iv) Leadership in the products of the Company. NIL |
| 3. Technology imported during last five years. | (i) Technology Imported for manufacture (ii) Year of Import (iii) Has technology been fully absorbed. |

IV. FOREIGN EXCHANGE EARNED AND USED.

| | [Rs. In Lacs] | |
|---------------------------------|---------------|-----------|
| | 2005-2006 | 2004-2005 |
| 1. Foreign Exchange Earned | 1 450.33 | 658.17 |
| 2. Foreign Exchange Used: | | |
| Travelling Expenses | 26.43 | 10.48 |
| Import of Capital Goods | - | 5.22 |
| Technical Consultancy | 2.40 | - |
| Import of Raw Material & Stores | 3 369.11 | 2076.05 |
| Others | 17.40 | 4.92 |

For and on behalf of the Board of Directors

PLACE : CHENNAI
DATED : 29th MAY, 2006

R. K. Sureka
DIRECTOR & CEO

S. S. Poddar
MANAGING DIRECTOR