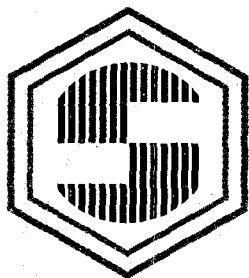


# 16<sup>th</sup> ANNUAL REPORT



**SABERO ORGANICS  
GUJARAT LIMITED**

ISO 9001 & ISO 14001 COMPANY

the right chemistry at work

2006-2007



# SABERO ORGANICS GUJARAT LIMITED

## BOARD OF DIRECTORS

Mr. Hero J. Chuganee  
Mr. Mohit H. Chuganee  
Mr. John R. English  
Mr. Raj Tandon  
Mr. Anand Swaminathan  
Dr. U. T. Bhalerao  
Mr. Sumit H. Chuganee  
Mr. J. S. Sethi

Chairman  
Vice Chairman & Managing Director

Director - Corporate Affairs

## AUDITORS

SMNP & COMPANY  
Chartered Accountants

## BANKERS

Union Bank of India  
Bank of India  
Oriental Bank of Commerce  
IDBI Bank Ltd.  
ICICI Bank Ltd.

## SOLICITORS

Manilal Kher Ambalal & Co.  
Rajani Associates

## REGISTRARS & SHARE TRANSFER AGENTS

M/s. Intime Spectrum Registry Ltd.  
C-13, Kantilal Mangalal Industrial Estate,  
Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai - 400 078.  
Tel.: 55555454  
Fax: 022-55555353

## REGISTERED OFFICE & FACTORY

Plot No. 2102, GIDC,  
Sarigam - 396 155, Dist - Bulsar,  
Gujarat.  
Tel.: 0260 - 2780395, 2780852  
Fax: 0260-2780853

## CORPORATE OFFICE

A-302, Phoenix House,  
3<sup>rd</sup> Floor, 62, Senapati Bapat Marg,  
Worli (East), Mumbai - 400 013.  
Tel.: 022-24964898, 24960979  
Fax: 022-24953727

16<sup>th</sup> Annual General Meeting of  
the Company on **Tuesday, 25<sup>th</sup>**  
**September, 2007 at 11.00**  
**A.M.** at Umernagar Club,  
Madhuban Complex, Sanjan  
Road, Umernagar - 396 171,  
Dist. Bulsar, Gujarat.

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## 16TH ANNUAL REPORT



## NOTICE

NOTICE is hereby given that the **Sixteenth Annual General Meeting Of SABERO ORGANICS GUJARAT LIMITED** will be held at the Umergam Club, Madhuban Complex, Sanjan Road, Umergaon - 396 171, Dist. Bulsar on Tuesday, the 25<sup>th</sup> September, 2007 at 11.00 a.m. to transact the following business:

## ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet of the company as at 31<sup>st</sup> March, 2007, Profit and Loss Account for the year Financial Year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. John R. English, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Anand Swaminathan, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and authorise the Board of Directors to fix their remuneration.

## SPECIAL BUSINESS:

5. To consider & if thought fit to pass with or without modifications, the following Resolution as Special Resolution:-  
"RESOLVED THAT pursuant to provisions of section 198, 269, 309, 310, Schedule XIII & other applicable provisions, if any, of the Companies Act, 1956, Company do hereby accord its approval to Re-appointment of Mr. J. S. Sethi as Director - Corporate Affairs of the Company for a period of One Year from 1<sup>st</sup> April, 2007 to 31<sup>st</sup> March, 2008, upon the terms, conditions & stipulations contained in an agreement entered into by the company with Mr. J. S. Sethi."

By Order of the Board of Directors  
For Sabero Organics Gujarat Limited

Place : Mumbai  
Date : 30.07.2007

J. S. Sethi  
Director-Corporate Affairs

## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

## ITEM NO. 5

At the 31<sup>st</sup> January, 2007 Board Meeting, the Board has decided to reappoint Mr. J. S. Sethi, as Director-Corporate Affairs for the period of one year from 1<sup>st</sup> April 2007 to 31<sup>st</sup> March, 2008.

The material terms of the appointment & remuneration payable to Mr. J. S. Sethi as embodied in the Agreement to be entered into with him upon receipt of the approval of the Members are as follows:-

**Powers of Appointment :** For a period of one year from 1<sup>st</sup> April, 2007 subject to terms & conditions as per the standard company's employees contract.

- A. Salary :** Rs. 30, 000/- per month
- B. Perquisites :** Company maintained car with driver & telephone facility at the residence for official purpose.

Notwithstanding anything mentioned in this part, where in any financial year, during the currency of the tenure of the Director-Corporate Affairs, the company has no profits or its profits are inadequate, the company shall pay him by way of Salary & Perquisites not exceeding the limits specified above.

The Director-Corporate Affairs so long as he functions as such will not be entitled to any sitting fees for attending meetings of the Board of Directors or Committee thereof.

This Agreement may be terminated at any time by either party hereto by giving to the other one notice in writing for such termination & neither party will have any claim against the other for damages or compensation by reason of such termination. In any event the Director-Corporate Affairs shall not be entitled to any compensation in cases mentioned in section 318(3) of the companies act, 1956.

If at anytime this Agreement is terminated, Mr. J. S. Sethi shall cease to be Director-Corporate Affairs of the company.

Mr. J. S. Sethi holding Masters Degree in Economics and Law Degree and has about more than 35 years of Experience in the field of Legal, Pers. & Admin. & Indirect Taxation & considered suitable for the position of Director-Corporate affairs of the Company. Your Directors consider that the experience & expertise of Mr. J. S. Sethi would benefit the company & they recommend the resolution for approval.

The agreement is available for inspection at the Registered office of the company between 11.00 a.m to 1.00 p.m. on any working day prior to the date of Meeting & also at the meeting.

Except Mr. J. S. Sethi, none of the other Directors of the Company is, in any way, concerned or interested in this resolution.

## NOTES FOR MEMBERS' ATTENTION:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself and a proxy need not be a member of the Company. Proxy in order to be effective must be received by the Company not less than 48 hours before the Meeting.
2. The Register of Members and Transfer Books of the Company will be closed from Monday, the 17<sup>th</sup> September, 2007 to Tuesday, 25<sup>th</sup> September, 2007 (both days inclusive).
3. Members are requested to send their queries, if any, at least seven days in advance of the Meeting so that the information can be made available at the Meeting.
4. Members/proxies should bring with them the Attendance Card, which may be submitted at the entrance, duly signed.
5. Members are requested to immediately notify any change in their addresses to the Company's Registrars and Share Transfer Agents:

M/s. Intime Spectrum Registry Ltd.  
C-13, Kantilal Mangalal Industrial Estate,  
Pannalal Silk Mills Compound,  
LBS Marg, Bhandup(West), Mumbai-400 078

6. The Company's shares are traded in Electronic Form. The investors are requested to hold their securities in the electronic form.
7. Mr. John R. English who is retiring by rotation and being eligible offers himself for re-appointment. Details of the Director are given below
8. Mr. Anand Swaminathan who is retiring by rotation & being eligible offers himself for re-appointment. Details of the Director are given below.
9. Explanatory Statement relating to the special business under item no.5 as required under section 173(2) of the companies act, 1956 is annexed thereto.

All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and the same will be available for inspection at the Annual General Meeting.

## Details of Director liable to retire by rotation under Clause 49 of listing Agreement are given below:

- A. Mr. John R. English is a B.Sc & B.E. From Australia. He has many years of experience in International sales & manufacturing of chemicals & pesticides with Union Carbide & Montedison SPA. He is currently an industrialist with interests in international trading of pesticides, in companies such as Hallmark Chemicals B V, Netherlands.
- B. Mr. Anand Swaminathan is a B.Sc (Hons) Chem Eng. From UK & M. I. CHEM (INDIA) & F.I.E. (INDIA). He has 47 years of experience in International sales & manufacturing of chemicals & pesticides. During his career he has served with UB Group, Khaitan Group, Modi Group and Humphreys & Glasgow Group.

By Order of the Board of Directors  
For Sabero Organics Gujarat Limited

Place : Mumbai  
Date : 30.07.2007

J. S. Sethi  
Director-Corporate Affairs



# SABERO ORGANICS GUJARAT LIMITED

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 16<sup>th</sup> Annual Report and audited accounts of your company for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL HIGHLIGHTS.

The salient features of the company's results are:

	(Rs. in lacs)	
	Year Ended 31.03.2007	Year Ended 31.03.2006
Gross Sales: Domestic	7385.11	6672.30
Export	9479.81	8800.04
<b>TOTAL SALES</b>	<b>16864.92</b>	<b>15472.34</b>
Profit before interest, Depreciation and Taxation	1728.35	1405.22
<b>Less: Interest &amp; Finance Charges</b>	<b>1090.25</b>	<b>779.92</b>
Depreciation	503.11	485.95
Exceptional Items	0.00	35.11
Profit Before Tax	134.99	106.17
Provision for Tax (including deferred Tax)	101.13	123.06
Profit After Tax	33.86	(16.89)
<b>Add: Prior period adjustments</b>	<b>7.13</b>	<b>44.59</b>
Profit / (Loss) for the year	40.99	27.70
<b>Add: Transferred from Debentures Redemption Reserve</b>	<b>0.00</b>	<b>125.54</b>
Transfer to General Reserve	40.99	143.24

### DIVIDEND:

In view of meager profit and to conserve the resources, the Board does not recommend any dividend for the year 2006-07.

### AUDITORS' OBSERVATION:

In this connection, your attention is invited to schedule 18, forming part of the accounts & notes, which is self-explanatory.

### DEPOSITORY SYSTEM:

The company's shares continue to be traded in the DEMAT form and is registered with National Securities Depository Limited (NSDL) and Central Depository Services Ltd. (CDSL)

### FIXED DEPOSITS:

The Company has not accepted any deposits from Public under section 58A of the Companies' Act 1956 during the financial year under review.

### HUMAN RESOURCES:

Your Company continuously monitors its human resource requirements to ensure that it has adequate human skills commensurate with its requirements. We recognise the value of people as our most valuable asset and believe that your Company's employee are central to its sustainable success. The company has periodical programs and activities for training as also motivational programs for its employees and events for fellowship and wellness programs.

Your Company continuously strives for developing, motivating, rewarding and retaining talent at all levels. Performance accountability is textured into the reward systems and recognition of achievements forms a critical part of our HR

processes. Delegation, empowerment, learning from failures that emanate from calculated risks is being institutionalised as well.

### INSURANCE:

All the properties of the company have been adequately insured.

### BANK & FINANCIAL INSTITUTIONS:

We wish to place on record our appreciation for the support by our Bankers viz. Union Bank of India (lead Bank), Bank of India, Oriental Bank of Commerce, IDBI Bank and ICICI Bank.

### DIRECTORS:

Mr. John R. English and Mr. Anand Swaminathan will be retiring by rotation at the forthcoming Annual General Meeting and being eligible for re-appointment.

The Board recommends their reappointment.

### DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- 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;
- That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2007 on a 'going concern' basis.

### CORPORATE GOVERNANCE:

As a listed Company your Company has taken necessary measures to comply with the Listing Agreements with the Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, given in Annexure 'B', forms part of this Annual Report.

### AUDITORS:

The term of M/s SMNP & Co, Chartered Accountants, expires at the conclusion of this Annual General Meeting and they are eligible for re-appointment. The Auditors have given a certificate to the effect that the re-appointment if made will be within the prescribed limits specified u/s 224 (1B) of the Companies Act, 1956. The observations made in the Auditors' Report are a statement of facts and do not require further clarifications.

### SUBSIDIARIES:

The company is having the following Subsidiaries namely:

- 1) Sabero Australia Pty. Ltd.
- 2) Sabero Europe BV

## 16TH ANNUAL REPORT



- 3) Sabero Argentina S. A.
- 4) Sabero Organics Americas Ltd.

There are no operation in the above subsidiary companies and in view of this, the Audited accounts of subsidiary companies as per sub-section (1) of section 212 of the Companies Act, 1956 could not attached with principal company i.e. Sabero Organics Gujarat Limited. The Company is making an application to MCA New Delhi under sub-section (8) of section 212 of the Companies Act, 1956 to seek permission for not enclosing Director's Report, Annual Accounts & Balance Sheet for the year ended 31<sup>st</sup> March, 2007 of Subsidiary Companies.

#### CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details as required under the Companies (Disclosure of particulars in Report of Board of Directors) Rules, 1988 are annexed.

#### PARTICULARS OF EMPLOYEES:

Information as per Section 217(2A) of the Companies Act, 1956 is not applicable as no employee or Directors is drawing

remuneration above the limit prescribed under the aforesaid Section.

#### INDUSTRIAL RELATIONS:

The overall industrial relations in the company have been cordial. Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of the company.

#### ACKNOWLEDGEMENTS:

The Board acknowledges, the co-operation and assistance received from investors, suppliers, customers, business associates, FI's, Bankers, Vendors, Central Government agencies and State Government of Gujarat.

The Board also thanks the employees for their significant contribution made by them to the Company.

The Board now looks forward to the future with confidence.

On behalf of the Board of Directors

Place : Mumbai

Date : 07<sup>th</sup> July 2007.

Hero J. Chuganee  
Chairman

### ANNEXURE "A" TO THE DIRECTORS' REPORT

Information under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2007.

#### FORM - A

#### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	CURRENT YEAR 2006-2007	PREVIOUS YEAR 2005-2006
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
1) Electricity		
a) Purchased Units (kwh)	14121390	13444767
Total Amount (Rs.)	76469887	69374986
Average Rate / Unit (Rs.)	5.41	5.16
b) Own Generation		
Through Diesel generator		
Unit (kwh)	163964	112957
Unit per litter of:		
Diesel Oil	3.47	3.15
Cost per unit (Rs.)	10.69	8.44
2) Fuel for Steam Generation		
i. Furnace Oil		
Quantity (KL)	5162	6334
Total Amount (Rs.)	84501940	99767099
Average Rate (Rs./KL)	16370	15750
ii. HSD kl	Nil	212.84
Total Amount	Nil	7372847
Average Rate (Rs./kl)	37120	34640
iii. Natural Gas, cubic meters	93630	Nil
Total amount	897723	Nil
Average rate, (Rs./cu. Mtr)	9.59	NA

#### CONSERVATION OF ENERGY:

Points on conservation of energy:

1. Increased condenser area of brine system B to improve on overall efficiency
2. Conversion of Boiler to operate on dual fuel and commissioned the Boilers on Natural Gas.
3. Converting hot air generator for Mancozeb and WDG from liquid fuel to Natural Gas
4. Replacement of condenser for Brine system A for efficiency improvement
5. Conversion and re-commissioning of KC-9 -C system on chilled water to improve on chilled water
6. Combined two brine pumping system to one system to optimize on pumping energy

#### FORM - B

#### DISCLOSURE OF PARTICULAR WITH RESPECT TO:

##### a) Research & Development:

The R&D is recognised by Department of Science & Industrial Research (DSIR), Government of India and is fully equipped with Pilot plant and sophisticated instruments like Gas Chromatograph, High Pressure Liquid Chromatograph, UV - Visible Spectrophotometer, Potentiometric Titrator etc.

Our R & D Department has successfully developed the process for the various environmental friendly formulations for Mancozeb, Acephate Prills, Glyphosate Prills etc. and it is successfully commercialized. The major emphasis is based on the improvisation of existing products, reduction of the raw material consumption, enhancement in the overall profitability and development of new products namely Triclopyr Butyl Ester/Acid (herbicide), Clodinafop Propargyl (herbicide), Propineb and Zineb (fungicides) & Imidacloprid (insecticide) and its formulations.

In our future plan, we have a product list including Fipronil, Prothiophos (insecticide), bispyribac sodium, Picloram (herbicide) & Difinoconazole (fungicide)





## SABERO ORGANICS GUJARAT LIMITED

### b) Technology absorption, adoption and innovation

During the year 2006-07, the company has absorbed technology for Monocrotophos by Aqueous route. The company has also absorbed the technology for DDVP and its formulation.

### c) Foreign Exchange Earnings and Outgo

	CURRENT YEAR 2006-2007 (Rs. in Lacs)	PREVIOUS YEAR 2005-2006 (Rs. in Lacs)
1. Foreign Exchange earned		
Export of goods on FOB basis	8722.40	7990.75
2. Outgo of foreign exchange		
Value of imports on CIF basis:		
(a) Raw materials	3784.02	3604.99
(b) Stores, components and spares	NIL	Nil
(c) Capital goods	NIL	Nil
3. Expenditure in foreign currencies (others)	63.89	49.19
4. Net Foreign exchange earning	4874.49	4336.57

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS:

The Company's net sales increased from Rs. 13773.06 Lacs in 2005-2006 to Rs. 15294.83 Lacs in 2006-2007. The increase in sales was evenly attributed to growth in domestic sales and exports. Exports constituted 56% of total net sales. The Company has reported a Profit before interest, depreciation and taxation of Rs 1728 lakhs in 2006-07 as compared to Rs 1405 lakhs in 2005-06, though the PBT remained almost the same at around Rs. 134.99 Lacs in 2006-2007 as compared to a PBT of 106.17 Lacs in 2005-2006. The cost of materials as a percentage of sales continued to stay high at approx. 64.41% of sales and employee related expenditure saw an increase of 10% over the previous year.

### ENTERPRISE SYSTEM:

The Company maintained a centralized approval system for billing from various C & F's so as to have in place a more detailed and controlled process for credit approval. The company will be evaluating options to upgrade its ERP system during 2007-2008 to meet the greater demand arising out of a growing business.

### FUTURE OUTLOOK:

The company hopes to further increase its sales in 2007-08 and cross the Rs 200 crore mark by increasing the capacity utilization of various plants, as also to substantially increase its market share in the domestic markets. While the focus of the company is still firmly concentrated on the international markets as a long term strategy, the company has also a renewed focus on domestic markets (industrial sales and branded formulation) in the current year. In the current year, recognizing the branded formulation segment as a strategic area, the company has increased its field sales force, hired additional product development field personnel so as to grow this segment rapidly and with renewed focus. The results of these initiatives are already showing in the current year.

The multipurpose insecticide plant was also debottlenecked last year so as to bring better productivity in the

monocrotophos and acephate plants, which will help in increasing sales.

The Company also hopes to commercialize some new products which are off-patent generic products such as dithiocarbamate fungicides and herbicides towards the end of the current year in the existing facilities by de-bottlenecking and investing in balancing equipment. All these increased volumes and products will keep the marketing team busy in 2007 through 2008.

The company's joint venture in Brazil is also expected to be operational by October, 2007 and the joint venture expects to have over 35 field sales force personnel in Brazil by the end of the year.

The company hopes to derive a saving of atleast Rs 4 crores per year by account of changing the feedstock for generation of steam from furnace oil to gas in the current year. The company started getting gas supplies from GSPC Limited in March, 07 which will result in reduction of the energy costs of the company. In addition, gas is a cleaner fuel and more environmentally friendly. While the commencement of supplies of gas was delayed by six months, the impact of this saving will be reflected in the current year. In addition, the company continues its earnest efforts in energy conservation and has ongoing in house projects to reduce energy costs.

### SAFETY, HEALTH & ENVIRONMENT (SHE) & ISO 9001 & ISO 14001:

The Company is meeting all the requirements of the Gujarat Pollution Control Board and has a well integrated audit system on safety, health and environment. The Company has renewed its certification for ISO 9001 and ISO 14001 under the new combined integrated EMS System of ISO and is valid till 31<sup>st</sup> December, 2008. The Company has invested in a by-product recovery plant that was commissioned in April, 2006. In the current year, the company has commissioned a new, state of the art, liquid, solid, and gaseous waste incinerator of a much larger capacity and superior technology with dual feed (gas and oil) burners, which will take care of the company's current as also future incineration needs. This investment is a signal of the commitment the company has in fully complying with the SHE requirements.

### RESEARCH & DEVELOPMENT:

The Company is in the process of building a separate analytical laboratory for GLP accreditation. The company hopes to get GLP status of the laboratory by the end of the year. The R&D department is focusing on developing environmentally friendly formulations such as WDG (granules), SC (liquid suspension) of its products such as the glyphosate WDG and acephate SG formulations developed in 2006 as also basic technology for technicals/active ingredients such as propineb, triclopyr, etc

### Long term Debts/Finance:

Besides working capital borrowings (short term and long term) from the company's bankers, the company now has only Rs 23 crores pending in long term loans payable to ICICI, IDBI and CCP, as of March 31, 07. The company has repaid back Rs 5 crores in the financial year 06-07, and will be paying the balance term loans as per the repayment schedule thereby having a much more favourable debt/equity ratio in the near term.

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## CORPORATE GOVERNANCE DISCLOSURE

## 1. COMPANY'S PHILOSOPHY

The Company firmly believes in and has consistently endeavored to practice good Corporate Governance and has acted as a good corporate citizen at all times.

The spirit of Corporate Governance has prevailed in the Company. The Company firmly believes in the values of transparency, professionalism and accountability in its dealings with its customers, C&F Agents, distributors, employees and shareholders and with every individual who comes in contact with the Company.

## 2. BOARD OF DIRECTORS:

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management, legal and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors, meets with the requirements of Clause 49 (I) (A) of the Listing Agreement. The number of Independent Directors are half (50 %) of the total number of Directors.

The Board of Directors comprises four whole-time directors and four non-executive directors. The Chairman is an Executive Director.

The Company has obtained the requisite disclosures from the Directors in respect of their directorship in other companies and membership in committees of other companies. Composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships / memberships of committees of other companies are as under:

The Board of Directors consists of following eight Directors.

Mr. Hero Chuganee	Chairman
Mr. Mohit Chuganee	Vice Chairman & Managing Director
Mr. John English	Director
Mr. Raj Tandon	Director
Mr. Anand Swaminathan	Director
Dr. U. T. Bhalerao	Director
Mr. Sumit Chuganee	Director
Mr. J. S. Sethi	Director- Corporate Affairs

#### Number of Board Meetings held and attended by Directors

The particulars of Directors their attendance at the Board Meetings, Annual General Meeting during the financial year 2006-2007 and also other directorships. (Excluding directorships in private companies and Board Committees as at 31<sup>st</sup> March, 2007 are as under:

Name of Director	Category	No. of other directorship & Committee Membership/Chairmanship		
		Directorship in other companies	Committee Chairmanship	Committee Membership
Mr. Hero Chuganee	Executive	—	1	—
Mr. Mohit Chuganee	Executive	—	—	1
Mr. John R. English	Non-Executive Independent	—	—	1
Mr. Raj Tandon	Non-executive Independent	—	1	2
Dr. U. T. Bhalerao	Non-executive Independent	—	—	—
Mr. Anand Swaminathan	Non-Executive Independent	—	2	1
Mr. Sumit Chuganee	Non-Executive	—	—	2
Mr. J. S. Sethi	Executive	—	—	1

Excludes directorship in Indian Private Limited companies.

During the year 2006-2007 the Board met 7 times on the following dates:

31.05.06, 30.06.06, 31.07.06, 24.08.06, 10.10.06, 31.10.06, 31.01.07

The Last Annual General Meeting was held on 29<sup>th</sup> September, 2006

The attendance of the Directors of the Company at the Board meetings & Annual General meeting are as follows:

Name of the Director	No. of Meetings		Attended last AGM
	Held	Attended	
Mr. Hero Chuganee	7	6	Yes
Mr. Mohit Chuganee	7	7	Yes
Mr. John R. English	7	—	No
Mr. U. T. Bhalerao	7	3	No
Mr. Raj Tandon	7	5	Yes
Mr. Anand Swaminathan	7	5	No
Mr. Sumit Chuganee	7	6	Yes
Mr. J. S. Sethi	7	5	No

## 3. AUDIT COMMITTEE:

## Broad Terms of Reference

The Audit Committee of the Board of Directors of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The terms of reference of this Committee covers the matters specified for Audit Committee under clause 49 of the Listing Agreements and Section 292A of the Companies Act, 1956.

- Reviewing the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve payment for other services.
- Reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements concerning financial statements.