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SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

THIRTEENTH ANNUAL REPORT

2006-2007

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

REGISTERED OFFICE

117 / 118, 'B' WING,
DALAMAL TOWERS,
NARIMAN POINT,
MUMBAI - 400 021.

**CORPORATE OFFICE &
CORRESPONDENCE**

106, SHIV CHAMBERS, 'B' WING,
1ST FLOOR, SECTOR - 11,
C.B.D. BELAPUR, NAVI MUMBAI - 400 614.
TEL NO 27577556 / 27566634 (TELEFAX)

BOARD OF DIRECTORS

MR. R. NARAYANAN - Chairman
MR. R. SUNDARA RAJAN - Managing Director
MR. S. RAJARATNAM
MR. K. R. RAJAGOPALAN
MR. LALIT P. MEHTA

AUDITORS

M/S. K. S. AIYAR & CO.
CHARTERED ACCOUNTANTS
MUMBAI

SHARE TRANSFER AGENTS

PURVA SHAREGISTRY (INDIA) PVT. LTD.
9, SHIV SHAKTI INDUSTRIAL ESTATE,
GROUND FLOOR, SITARAM MILLS COMPOUND,
J. R. BORICHA MARG, MUMBAI - 400 011.
TEL NO 23016761 / 23012517 (TELEFAX)

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

Registered Office: 117/118, Dalamal Towers, Nariman Point, Mumbai - 400 021

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of Shriram Asset Management Company Limited will be held at Hotel Parle International, Agarwal Market, Vile Parle (East), Mumbai 400 057 on Friday, the 21st December, 2007 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th June, 2007 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R. Narayanan, and Mr. S. Rajaratnam who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modifications, if any, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. R. Sundara Rajan, who was appointed as an Additional Director of the Company on 31st March, 2007 by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office only up to the date of the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. R. Sundara Rajan for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to sections 198, 269, 309, 314 and other applicable provisions, if any, and schedule XIII of the Companies Act, 1956, approval of the Company be and is hereby accorded to the appointment of Mr. R. Sundara Rajan as Managing Director of the Company not liable to retire by rotation for a period of two years commencing from 1st April, 2007 without any remuneration payable."

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

"RESOLVED THAT pursuant to Section 372A and all other applicable provisions, if any, of the Companies act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as "the Act"), in addition to the amount already invested, the Company be and is hereby authorised to invest such further sum, which is in excess of the limits specified under Section 372A of the Act in Central Government Securities, PSU Bonds, State Government Securities, State Level Undertakings Bonds, Units of Mutual Funds, warrants, shares (whether equity, debentures or otherwise) or and other instruments whether convertible or non-convertible, redeemable or non-redeemable subject to a maximum investment of Rs. 900,00,000/- (Rupees Nine Crores) outstanding at any given time."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the above investments including the timing, the amount and other terms and conditions of such investment and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.

By order of the Board of Directors

Place: Mumbai
Date : 31st July, 2007

Lalit P Mehta
Director

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME OF THE MEETING. The Register of Members and the Share Transfer Books of the Company will remain closed on 18th December, 2007 to 21st December, 2007 (both days inclusive).
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts is annexed hereto.
3. Members desiring any information on Accounts are requested to write to the Company at an early date so as to enable the Management to furnish the same.
4. Members / Proxies are requested to produce at the entrance, the attached admission slip for admission to the meeting hall. Duplicate admission slips will not be provided at the hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID nos for easy identifications for attendance at the meeting.
5. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in order of the names will be entitled to vote.
6. Members are requested to bring with them a copy of Annual Accounts dispatched to them by the Company.
7. Members are requested to notify change in address, if any, in case of shares held in electronic form to the concerned depository participants quoting their ID no and in case of physical shares, to their Share Transfer Agents quoting their Folio Numbers.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 ITEM NO. 4 & 5

ITEM NO 4:

Mr. R. Sundara Rajan was appointed as an Additional Director of the Company on 31st March, 2007 by the Board of Directors Pursuant to Section 260 of the Companies Act, 1956, he holds office only up to the date of the ensuing Annual General Meeting. Being eligible, he has offered himself for reappointment and the Company has received a notice in writing from a member proposing the candidature of Mr. R. Sundara Rajan for the office of Director of the Company."

Directors' Interest :

Mr. R. Sundara Rajan is interested in the rotation. This may be taken as a notice under Section 302 sub section 7 of the Companies Act, 1956.

Mr. R. Sundara Rajan is a Mechanical Engineer, PGDM (IIM Ahmedabad) and AIII (Insurance Institute of India). He has overall experience of 25 years in his extensive carrier. He has experience in various fields like Pharmaceutical, Consumer Product Marketing etc..His vast experience and business acumen would help the growth of the Company. The Board, therefore, recommend his appointment as the Managing Director of the Company for a period of 2 years without any remuneration payable.

None of the Directors other than Mr. R. Sundara Rajan is interested in the resolution.

ITEM NO. 5:

Subject to the approval of the shareholders, and the applicable provisions of the Companies Act, 1956, the Board of Directors at their meeting held on 31st March, 2007 appointed Mr. R. Sundara Rajan as the Managing Director of the Company for a period of 2 years commencing from 1st April, 2007 without any remuneration payable.

ITEM NO. 6:

According to the provisions of Section 372A of the Companies Act, 1956, in case of the loans given by the Company or proposed to be given by the Company or any investments made or proposed to be made by way of subscriptions, purchase, or otherwise acquiring securities of any other body corporate and if such loans and investments, together with the loans and investments already made, exceeds 60% of the paid up share capital and free reserves of the Company, it is necessary to obtain shareholders' approval by a special resolution.

It is proposed, the Board of Directors of the Company be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the above investments including the timing, the amount and other terms and conditions of such investment and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.

The Board of Directors of the Company recommends the passing of the resolution.

None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board of Directors

Place: Mumbai
Date : 31st July, 2007

LALIT P MEHTA
Director

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Thirteenth Annual Report together with the Audited Statements of Accounts for the year ended 30th June, 2007.

Financial Results:

The salient features of the financial results of the Company for the year ended 30th June, 2007 are as under:

| | Year ended 30.06.2007 | Year ended 30.06.2006 |
|---|-----------------------|-----------------------|
| Gross Income for the year | 51,725,432 | 11,161,283 |
| Total Expenditure before Depreciation & Tax | 8,501,734 | 5,579,918 |
| Profit before Depreciation and Tax | 43,223,698 | 5,581,365 |
| Less : Depreciation | 390,132 | 376,011 |
| Less: Provision for Tax | 4,391,962 | 1,158,499 |
| Profit after Depreciation and Tax | 38,441,604 | 4,046,855 |
| Prior Period Adjustment | 150,000 | — |
| Provision for taxation written back | — | 4,786 |
| Balance brought forward from previous year | 5,201,179 | 1,149,538 |
| Profit available for Appropriation | 43,792,783 | — |
| APPROPRIATIONS | | |
| Capital Redemption Reserve | 40,000,000 | — |
| Balance carried to balance sheet | 3,792,783 | 5,201,179 |
| Total | 43,792,783 | 5,201,179 |

Dividend:

With a view to augment the funds and to conserve the resources, the Company decided not to declare the dividend for the Financial Year 2006-2007.

Operations and Outlook:

During the year under report, the Company did not launch any new scheme on behalf of Shriram Mutual Fund. As there were no mutual fund scheme under the management of the Company, the activities of the Company were limited only to attending to the outstanding unclaimed redemption amounts of the schemes wound up. However, the Company was able to generate income out of its investments.

Corporate Governance:

A separate report on Corporate Governance forms part of the Annual Report and the Management's Discussion and Analysis report forms part of this report.

A certificate from the Auditors' of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

Directors' Responsibility Statement:

In compliance with section 217(2AA) of the Companies Act, 1956, the Directors confirm that:-

- In the preparation of Annual Accounts, the applicable accounting standards have been followed.
- The accounting policies selected and applied on a consistent basis give true and fair view of the state of affairs of the Company and of the profit for the financial year.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the aforesaid Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities.
- The annual accounts have been prepared on an ongoing concern basis.

Cash Flow Statement:

The cash flow statement for the year 2006-07 is attached to the Balance Sheet.

Directors:

In accordance with the Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. R.Narayanan and Mr. S. Rajaratnam would retire by rotation and is eligible for reappointment.

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

Mr. R. Sundara Rajan, was appointed as an Additional Director of the Company on 31st March, 2007 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956 he holds office only up to the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. R. Sundara Rajan for the office of Director.

The Board at its meeting held on 31st March, 2007, subject to the approval of the Members, appointed Mr. R. Sundara Rajan as Managing Director of the company not liable to retire by rotation for a period of two years commencing from 1st April, 2007 without any remuneration payable. A suitable resolution for his appointment as Managing Director is being proposed for adoption by the Members at the ensuing Annual General Meeting.

Fixed Deposits:

Your Company has not accepted any fixed deposits.

Personnel:

During the year under report, the Company has not employed any person who was in receipt of remuneration in excess of the limits specified under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Information as per section 217 (1) (e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

1. Conservation of Energy
Your Company being an Asset Management Company, acting as an investment manager, has not consumed energy of any significant level.
2. Technology Absorption
Considering the nature of business, there is no technology absorption for the year under review.
3. Foreign Exchange earning and outgo
During the year under report, the Company has neither earned nor expended any foreign exchange.

Auditors:

M/s. K.S.Aiyar and Co; the Statutory Auditors, will retire at the ensuing Annual General Meeting of the Company and are eligible for reappointment.

REDEMPTION OF PREFERENCE SHARES

The Board of Directors of the Company at their meeting held on 31st March, 2007 approved the redemption of fully paid up 400,000 12.50% Optionally Convertible Preference Shares of Rs.100/- at par value aggregating to Rs.40, 000,000/-, out of profits, before their maturity date as per the terms of the issue of such shares.

Appreciation:

Your Directors take this opportunity to place on record their appreciation for the continued support from the Company's bankers, Securities and Exchange Board of India, Stock Exchange Authorities and by the employees of the Company at all levels.

Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969)

The following persons constitute the Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969).

Mr.R.Thyagarajan, Shriram Ownership Trust, Shriram City Union Finance Limited, Shriram Transport Finance Company Limited, Shriram Motor Finance; S R Real Estate Finance; Shriram Financial Services Holdings Private Limited, Shriram Holdings (Madras) Private Limited, Shriram Enterprise Holdings Private Limited, Shriram Credit Company Limited, Shriram Chits (Karnataka) Private Limited, Shriram Chits Private Limited, Shriram Chits Tamilnadu Private Limited, Shriram Insurance Holdings Private Limited, Shriram Life Insurance Company Limited; any other company, firm or trust promoted or controlled by the above.

The above disclosure has been made, inter alia, for the purpose of Regulation 3(1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

For and On Behalf of the Board of Directors

Place: Mumbai
Date : 31st July, 2007

K.R.Rajagopalan
Director

Lalit P.Mehta
Director

Registered Office:

117/118, Dalamal Towers,
Nariman Point,
Mumbai – 400 021.

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment:

Mutual Fund industry has posted about 41% growth as compared to last year, thus has been fastest growing segments in the financial sector. Thus impressive growth of Mutual Fund Industry has in the recent past attracted the global players of the industry. During the current financial year 2006-07 the total funds mobilized were Rs.1,938,592 crores as against Rs.1,098,158 crores in the previous year representing an increase of 77% growth. The Assets Under Management as on March 31, 2007 stood at Rs.326,388 as against Rs.231,862 crores as at end of the previous year registering an increase of 41% over the year.

Investment by the retail investors in the booming equity market through the mutual fund route has given a boost to the domestic mutual funds in the couple of last years. The outlook for the industry as a whole is bright especially in the light of booming capital market conditions.

Performance:

| Particulars | Year ended 30.06.07 (Rs.) | Year ended 30.06.06 (Rs.) |
|--|------------------------------|------------------------------|
| INCOME | | |
| Asset Management Fees | — | — |
| Interest income | 2,327,088 | 2,656,507 |
| Dividend Income - Equity | 1,101,041 | 1,375,107 |
| Dividend Income – Preferential | 675,840 | 394,251 |
| Profit on sale of shares | 45,370,891 | 5,966,509 |
| Profit on sale of fixed Assets | 3,754 | 3,385 |
| Other Income | 22,46,818 | 765,524 |
| Total | 51,725,432 | 11,161,283 |
| EXPENDITURE | | |
| Administrative & Other Expenses | 7,309,513 | 4,746,576 |
| Loss on sale of Shares | 1,191,315 | 828,605 |
| Loss on sale of Fixed Asset | 906 | 4,737 |
| Depreciation | 390,132 | 376,011 |
| Total | 8,891,866 | 5,955,929 |
| PROFIT/ (LOSS) BEFORE TAX | 42,833,566 | 5,205,354 |
| Provision for tax | 4,391,962 | 1,158,499 |
| PROFIT AFTER TAX | 38,441,604 | 4,046,855 |
| Prior Period Adjustment | 150,000 | — |
| Provision for taxation written back | — | 4,786 |
| Balance brought forward from previous year | 5,201,179 | 1,149,538 |
| Profit available for appropriation | 43,792,783 | 5,201,179 |
| APPROPRIATIONS: | | |
| Capital Redemption Reserve | 40,000,000 | — |
| Balance carried to balance sheet | 3,792,783 | 5,201,179 |
| Total | 43,792,783 | 5,201,179 |

The income has enhanced from Rs. 11,161,283/- in 2006 to Rs.51,725,432/- in 2007 representing an increase of Rs.363.44 %. Also the profit after tax has jumped from Rs. 4,046,855/- in 2006 to Rs. 38,441,604/- in 2007.

Threats:

Market fall down may affect the industry.

Risks and concern:

As the Company, is an asset management company, the future income generation from asset management business will depend upon the decision of the Trustees of Shriram Mutual Fund to float new schemes and the capital market conditions prevalent at the relevant time.

Internal control system:

The Company has adequate system of internal controls commensurate with its size and level of operations to ensure that all assets of the Company are safeguarded and protected and that transactions of the Company are authorised, recorded and reported correctly.

The internal control systems are supplemented by internal audit and reviews by management. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

Human Resources:

The Human resources available with the Company are sufficient to take care of the present level of operations. As and when the operations are enlarged, appropriate personnel will be inducted to deal with the size of operations.

During the financial year ended 30th June, 2007, there has been no material development in the human resources aspect including number of people employed.

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2007

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is aimed at:

- (a) Enhancing long term shareholder value through
- Assisting the top management in taking sound business decisions; and
 - The adoption of prudent risk management techniques with the statutory requirements and thereby safeguarding the interest of shareholders, creditors, investors and employees.
- (b) Achieving transparency and professionalism in all decisions and activities of the Company.
- (c) Achieving excellence in Corporate Governance by
- Conforming to the prevalent guidelines on Corporate Governance, and excelling in, wherever possible.
 - Reviewing periodically the existing systems for further improvements.

BOARD OF DIRECTORS

Composition

The Board of Directors of the Company consists of 5 Directors from varied disciplines. The Company has a Managing Director, who manages the day-to-day affairs of the Company under the guidance and supervision of the Board of Directors. The Board meets at regular intervals to discuss and analyse matters such as policy formulation, setting up of goals, and appraisal of performances with the goals and control functions. Some of the powers of the Board have also been delegated to Committee/s of Directors who monitor the day-to-day operations relating to such matters. This has helped the Board to have close control over the functioning of the Company and to enhance the shareholder value.

Ten meetings of the Board were held during the Financial Year on 31.07.2006, 30.09.2006, 30.10.2006, 28.11.2006, 26.12.2006, 27.02.2007, 09.03.2007, 31.03.2007, 27.04.2007 and 29.05.2007. The 12th Annual General Meeting was held on December 27, 2006.

The composition of the Board as on 30.06.07, category of Directors, attendance at Board Meetings, last Annual General Meeting (AGM), and number of memberships of Directors in other Boards and Board Committees are as stated below:

| Name of the Director | No. of Board Meetings attended | Whether attended the last AGM | Memberships in | |
|---|--------------------------------|-------------------------------|--------------------------------------|---|
| | | | Other Boards (excluding the Company) | Other Board Committees (excluding the Company) Membership/ Chairmanship |
| Mr. R. Narayanan Chairman Non-Executive and Independent | Nil | No | 12 | 9 |
| Mr. S. Rajaratnam Director Non-Executive and Independent | Nil | No | 7 | 1* |
| Mr. Lalit P. Mehta Director Non-Executive and Independent | 8 | No | 4 | Nil |
| Mr. K. R. Rajagopalan Director Non-Executive and Independent | 10 | Yes | Nil | Nil |
| Mr. R. Sundara Rajan (Appointed as Addl. Director on 31.03.2007 and as Managing Director w.e.f. 01.04.2007) Executive | 1 | No | 11 | Nil |

Note: There was no Extra Ordinary General Meeting of Members held during the financial year ended on 30.06.2007

* Council Member

Mr.R.Sridhar resigned as a Director and Managing Director of the Company w.e.f. 31.3.2007.

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED**AUDIT COMMITTEE****Terms of Reference**

The role of Audit Committee includes-

- Overseeing the financial reporting process.
- To ensure proper disclosure in the quarterly, half yearly and Audited Financial Statements.
- To recommend appointment/reappointment of Auditors and their remuneration.
- Reviewing, with the management, the Financial Statements before submission to the Board.
- Reviewing, with the management, the adequacy of internal control systems.
- Reviewing, with the management, performance of Statutory and Internal Auditors.
- Discussion with Internal Auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal examinations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussing with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- To discuss with management, the internal auditors and the Statutory Auditor/s the Company's major risk exposures and guidelines and policies to govern the processes by which risk assessment and risk management is undertaken by the Company, including discussing the Company's major financial risk exposures and steps taken by management to monitor and mitigate such exposures and from time to time conferring with another Committee/s of the Board about risk exposures and policies within the scope of such other Committee's oversight.
- To look into the reasons for substantial defaults in the payment to the shareholders (in case of non payment of declared dividends if any) and creditors, if any.
- To review the functioning of the Whistle Blower Mechanism.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Composition

Five meetings were held during the year ended 30.06.2007 on 31.07.2006, 30.09.2006, 30.10.2006, 26.02.2007 and 27.04.2007.

| Names of Members | No. of Meetings Attended |
|-------------------------------|---------------------------------|
| Mr. Lalit P. Mehta - Chairman | 5 |
| Mr. K.R.Rajagopalan | 5 |
| Mr. S.Rajaratnam | Nil |

REMUNERATION COMMITTEE**Terms of Reference****Executive Remuneration**

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to determination on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages and any compensation payment for Managing and Executive Directors. The role of the Committee includes,

- To provide independent oversight of and to consult with Company management regarding the Company's compensation, bonus, pension, and other benefit plans, policies and practices applicable to the Company's executive management.
- To develop guidelines for and annually review and approve (a) the annual basic salary, (b) the annual incentive and bonus, including the specific goals and amount.

The Committee did not meet during the period under consideration as no remuneration has been paid to any of the directors other than sitting fee during the financial year ended 30th June, 2007.

Composition

| Names of Members | No. of Meetings Attended |
|-------------------------------|---------------------------------|
| Mr. Lalit P. Mehta - Chairman | Nil |
| Mr. K.R.Rajagopalan | Nil |
| Mr. S.Rajaratnam | Nil |

**Remuneration policy of the Company
for Managing Director**

Mr. R. Sundara Rajan has been appointed as the Managing Director without any remuneration for a term of 2 years w.e.f. 01.04.2007.

SHRIRAM ASSET MANAGEMENT COMPANY LIMITED**for Non Executive - Independent Directors**

The Company is paying sitting fees of Rs. 500/- to eligible Non- Executive Directors per meeting of the Board plus reimbursement of actual travel expenses and out of pocket expenses incurred wherever applicable for attending such meetings.

The details of sitting fees / remuneration paid to the Directors during the year 2006-2007 are given below:

| S.No | Name of the Director | Sitting Fees for attending Meetings (Rs.) | Salary, Perquisites (Rs.) | Commission (Rs.) | Total (Rs.) |
|------|---|---|---------------------------|------------------|-------------|
| 1 | Mr. R. Sridhar (Resigned as Director and Managing Director w.e.f. 31.03.2007) | Nil | Nil | Nil | Nil |
| 2 | Mr. R. Sundara Rajan (Appointed as Addl. Director and Managing Director w.e.f. 01.04.2007) | Nil | Nil | Nil | Nil |
| 3 | Mr. S. Rajaratnam | Nil | Nil | Nil | Nil |
| 4 | Mr. Lalit P. Mehta | Nil | Nil | Nil | Nil |
| 5 | Mr. K. R. Rajagopalan | 5000/- | Nil | Nil | 5000/- |
| 6 | Mr. R. Narayanan | Nil | Nil | Nil | Nil |

Details of Shares / Warrants held by the Directors as on 30.06.2007 are as below

| Name of the Directors | Share holdings |
|---|----------------|
| Mr. R. Sundara Rajan - Managing Director* | 38696 |
| Directors: | |
| R. Narayanan | 4,000 |
| S. Rajaratnam | 1,010 |
| Lalit P. Mehta | 500 |

* Appointed as Additional Director w.e.f. 31.3.2007 and Managing Director w.e.f. 01.04.2007

Mr. R. Sridhar resigned as Managing Director w.e.f. 31.03.2007

The Company does not have any outstanding ADRs/GDRs/Warrants or other convertible instruments.

SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE**Terms of reference**

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to attending to and redressal of the grievances of the shareholders and the investors of the Company.

Composition

| Names of Members | No. of Meetings attended |
|-------------------------------|--------------------------|
| Mr. Lalit P. Mehta - Chairman | 1 |
| Mr. K. R. Rajagopalan | 1 |
| Mr. S. Rajaratnam | Nil |

The status of investor grievances is monitored by the Committee periodically and the reports of the Committee are made available to the Board. During the year, the Committee met once on 27th April, 2007. The Board of Directors at its meeting held on 27th April, 2007 also reviewed Investors' grievance and redressed thereof for the period ended 31.03.2007. Request for transfer received from 1.4.2007-30.6.2007 were approved by the Committee at the meeting held on 31.7.2007.

The complaints received from the shareholders, SEBI, Stock Exchanges are reviewed and they are replied to by the Company/Share Transfer Agents regularly. The status of the pending complaints as well as system of redressal mechanism are reviewed by the Committee periodically.