

THAKRAL SERVICES (INDIA) LIMITED.

(Formerly Primeast Investments Limited)

24TH ANNUAL REPORT

2006 - 2007



8th Floor, 'The Estate', #121, Dickenson Road,
BANGALORE - 560 042.

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Thakral Services (India) Limited

THAKRAL SERVICES (INDIA) LIMITED

Board of Directors

Shri. GURMUKH SINGH THAKRAL
Shri. C D P RAJENDRAN (From 10.05.2007)
Shri. P BALAKRISHNA SHETTY
Shri. JOSEPH SEQUEIRA
Shri. KANWALJEET SINGH BAWA
Shri. R.C. BHAVUK- Managing Director
Shri. K S SIVARAMAKRISHNAN (Upto 10.05.2007)

Bankers

CITIBANK N A
INDIAN OVERSEAS BANK
ICICI BANK LTD

Auditors

M/S. BRAHMAYYA & CO.
Chartered Accountants, Bangalore.

Company Secretary

Shri. SANTHOSH KUMAR J.

Registered Office

8TH FLOOR, 'THE ESTATE',
121, DICKENSON ROAD,
BANGALORE - 560 042

Thakral Services (India) Limited**NOTICE**

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of THAKRAL SERVICES (INDIA) LIMITED (Formerly Primeast Investments Limited) will be held on Thursday, the 27th September, 2007 at 10.00 a.m. at Conference Hall, 2nd Floor, Directorate of Youth Services, State Youth Centre (Near Reserve Bank of India), Nrupathunga Road, Bangalore 560 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31.3.2007 and the Profit & Loss Account for the financial year ended on that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Kanwaljeet Singh Bawa who retires by rotation and being eligible offers himself for reappointment.
3. To appoint the Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration as may be agreed with the Board of Directors.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Chennoth Divakara Prabhu Rajendran be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

RESOLVED THAT the Articles of Association of the Company be and hereby altered by substituting the following Article in place of the existing Article 130.

" 130. Any person, whether a member of the Company or not, may be appointed as Director of the Company and no qualification by way of shareholding in the Company will be required to be held by the Director"

6. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution:

RESOLVED THAT the Articles of Association of the Company be and hereby altered by substituting the sub clause (a) in place of the existing sub-clause (a) of Article 135.

135. "(a) Every Independent Director shall be entitled to receive and be paid Rs.2000/- as a sitting fee for attending each meeting of the Board of Directors or Committees thereof. The fee may be increased from time to time, subject to the provisions of Section 310 of the Companies Act, 1956, for every meeting of Board of Directors or a Committee thereof, which he shall attend irrespective of the number of days for which the meeting may continue."

7. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of sub section (1A) of section 81 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchange/s where the shares of the Company are listed and subject to the approval of Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Foreign Investment Promotion Board (FIPB) and all other

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authorities and departments, wherever applicable, to the extent necessary and on such terms and conditions, if any, as may be prescribed or imposed by all or any of the concerned authorities in granting any such approvals, permissions and sanctions and which may be agreed to by the Directors of the Company (hereinafter referred to as the "Directors" which term shall be deemed to include Board of Directors, any committee of Directors or any Director authorised for the purpose by the Board) the approval of the Company be and is hereby accorded to offer, issue and allot to entities as per list enclosed, up to 11,22,566 equity shares of Rs.10 each amounting to Rs.1,12,25,660 (hereinafter referred to as "the said shares") out of the un-issued equity share capital of the Company for price determined as per SEBI guidelines for Preferential allotment of shares at such time and in one or more branches as the Board may think fit and on such terms and conditions, including the number of equity shares to be issued, manner of calls and to make such inter-se changes regarding Preferential Allotment to the allottees provided that the overall amount of allotment does not exceed a nominal value of Rs.1,12,25,660/- (Rupees One Crore Twelve Lakhs Twenty Five Thousand Six Hundred and Sixty Only) as the Board may, in its absolute discretion, think fit provided:

- i) That the said shares, allotted in terms of this Resolution, shall be subject to the provisions of Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects including voting rights with the existing equity shares of the Company save and except that the said shares shall, with regard to Dividend, if any, declared for the financial year in which the said shares are allotted and the subsequent years, be entitled to Dividends in proportion to the amount of capital paid-up or credited as paid-up thereon.
- ii) The said shares shall be subject to lock-in in accordance with the provisions of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time.
- iii) That the other terms and conditions of issue, offer and allotment in respect of the said shares shall be such as are decided by the Board.
- vi) That the allotment is subject to its being within the limit of the overall authorised capital.

**PREFERENTIAL ALLOTMENT OF 11,22,566 EQUITY SHARES OF
NOMINAL VALUE OF RS. 10/- EACH AMOUNTING TO RS.1,12,25,660
(Rupees One Crore Twelve Lakhs Twenty Five Thousand Six Hundred and Sixty Only)**

Sl. No.	ENTITY	AMOUNT IN RS. (Nominal Value)
1	M/s. Netizen Infotek (India) Pvt. Ltd.	68,95,660
2	M/s. Trust Leasing and Finance Pvt. Ltd.	36,30,000
3	M/s. Thakral Computers Pvt. Ltd.	7,00,000
	TOTAL	1,12,25,660

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper, and to settle any question or difficulty that may arise in regard to the issue, allotment and distribution of the said shares as it may deem fit".

8. To consider and if thought fit to pass, with or without modifications the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 and Article 70 of the Articles of Association of the Company, the authorized share capital of the Company of Rs.13,00,00,000/- (Rupees Thirteen Crores Only) consisting of 1,30,00,000 (One Crore Thirty Lakhs) equity shares of Rs.10/- (Rupees Ten only) each be and is hereby sub-divided into 2,60,00,000 (Two Crore Sixty Lakhs) equity shares of Rs.5/- (Rupees Five only) each and clause V of the Memorandum of Association of the Company be substituted by the following:

Thakral Services (India) Limited

"The Authorized Share Capital of the Company is Rs.13,00,00,000/- (Rupees Thirteen Crores Only) divided into 2,60,00,000 (Two Crore Sixty Lakhs) equity shares of Rs. 5/- (Rupees Five Only) each."

"RESOLVED FURTHER THAT the Board of Directors of the Company including such other person(s) as may be authorized by it in this regard, be and are hereby authorized to take necessary action, to give effect to the above resolution."

9. To consider and if thought fit to pass, with or without modifications the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 Article 5 of the Articles of Association of the Company be substituted as follows:

"5. The Authorized Share Capital of the Company and its division shall be as contained and detailed in Clause V of the Memorandum of Association of the Company"

RESOLVED FURTHER THAT the Board of Directors of the Company including such other person (s) as may be authorized by the Board in this regard, be and are hereby authorized to take necessary action, to give effect to the above resolution."

10. To consider and if thought fit to pass with or without modifications the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 100 and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Article 69 of the Articles of Association of the Company and subject to confirmation of the Karnataka High Court or any other competent authority as may be specified in this regard, the issued, subscribed and paid up equity capital of the Company of Rs.12,85,76,460/- (Rupees Twelve Crores Eighty Five Lakhs Seventy Six Thousand Four Hundred and Sixty Only) divided into 1,28,57,646 (One Crore Twenty Eight Lakhs Fifty Seven Thousand Six Hundred and Forty Six) equity shares of Rs.10/- (Rupees Ten only) each fully paid, be reduced to Rs.6,42,88,230/- (Rupees Six Crores Forty Two Lakhs Eighty Eight Thousand Two Hundred and Thirty Only) divided into 1,28,57,646 (One Crore Twenty Eight Lakhs Fifty Seven Thousand Six Hundred and Forty Six) equity shares of Rs.5/- (Rupees Five only) each fully paid, by canceling Rs. 5/- (Rupees Five only) per equity share from the face value of Rs.10/- each and out of the said amount a sum of Rs.4,22,99,158/- (Rupees Twenty Two Lakhs Ninety Nine Thousand One Hundred and Fifty Eight only) be utilized for setting aside the accumulated losses of the Company as on 31.3.2007 and the balance amount of Rs.2,19,89,072/- be transferred to the General Reserve account."

"RESOLVED FURTHER THAT the Board of Directors of the Company including such other person (s) as may be authorized by the Board of Directors, in this regard, be and are hereby authorized to take necessary action, including making necessary application to High Court or any other competent authority as may be specified in this regard and for following the directions, if any, given by the High Court or any other competent authority as may be specified in this regard, for effecting the reduction of capital in the manner mentioned above"

BY ORDER OF THE BOARD

Regd. Office
8th Floor, 'The Estate',
121, Dickenson Road,
Bangalore - 560 042

SANTHOSH KUMAR J.

Company Secretary

Place: BANGALORE
Date: 28.08.2007

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. Proxy forms duly completed in all respects shall be lodged with the Company at least 48 hours before the time fixed for the meeting. The proxy form is annexed at the end of this report.

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2. Members are requested to address all correspondence regarding De-mat, Share Transfers, Certificate Endorsement, Change of Address and other General Queries, to our Registrar M/s.Alpha Systems Pvt Ltd, No.30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bangalore – PIN – 560 003.
3. The Proxies and Members are requested to bring their attendance slip, annexed at the end of this report, to the meeting and sign at the entrance of the venue.
4. The Register of Members and Share Transfer books shall remain closed from Thursday, the 20th September, 2007 to Thursday, the 28th September, 2007 (both days inclusive)
5. The Explanatory Statement as required by Section 173 of the Companies Act, 1956 is annexed hereto and the papers, documents referred to therein are open for inspection at the Registered Office of the Company between 9:30 am and 5:30 p.m. on any working day prior to the date of the meeting.

**EXPLANATORY STATEMENT PURSUANT TO
SECTION 173(2) OF THE COMPANIES ACT, 1956**

ITEM NO 4

- 1) The Board of Directors of your Company had appointed Mr. Chennoth Divakara Prabhu Rajendran (Mr. C D P Rajendran) as an Additional Director on 10th May 2007. He has been serving on the Board of sister Concerns of the Thakral Group. Pursuant to Section 260 of the Companies Act, 1956, Mr. C D P Rajendran holds office up to the date of this Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956, in writing, from a member proposing him as a Director. The Board considers that on account of C D P Rajendran's knowledge, experience and eminence, it would be in the interest of the Company to appoint him as a Director of the Company.
- 2) The Board of Directors of your Company recommends the resolution for your consideration and approval.
- 3) None of the Directors are interested or concerned in the said resolution.

ITEM NO 5

- 1) The Existing Article 130 reads as under:
"130. Any person whether a member of the Company or not may be appointed as Director of the Company and the qualification by way of sharcholding in the Company will be required to be held by the Director"
- 2) The construction of the above article seems to lack clarity of the intention and purpose of this article and hence the same is being substituted to give clear understanding of the provisions laid therein.
- 3) The Board of Directors of your Company recommends the resolution for your consideration and approval.
- 4) None of the Directors are in any way interested or concerned in the said resolution.

ITEM NO 6

- 1) The existing clause (a) Article 135 reads as under:
135. "(a) Every Director other than Managing Director shall be entitled to receive and be paid out of the funds of the Company as remuneration for the services, a sitting fee of Rs.500/- and even be in excess of Rs.500/-, subject to the provisions of Section 310 of the Companies Act, 1956, for every meeting of Board of Directors or a Committee thereof, which he shall attend irrespective of the number of days for which the meeting may continue and in addition such proportion of the net profits of the Company as may be decided up on by the Board. The net profits referred above shall be computed in the manner referred to in the sub-section (1) of section 198 of the Act"
- 2) The limit prescribed above had been changed by the shareholders in the Twenty Third Annual General Meeting to Rs.2000/- and consequentially the same change has to be made the Articles of Association of the Company to avoid any ambiguity. Further this facility is to be limited to the Independent Directors only.
- 3) The Board of Directors of your Company recommends the resolution for your consideration and approval.
- 4) The Independent Directors may be deemed to be interested in this resolution. None of the other Director(s) of the Company is/are in any way interested or concerned in the said resolution.

Thakral Services (India) Limited**ITEM NO.7**

- i) The present subscribed and paid up equity share capital of the Company is Rs.11,73,50,800/- divided into 1,17,35,080 equity shares of Rs. 10/- each. It is now proposed to increase the capital base of the company by way of a preferential issue of shares. It has been proposed to issue, subject to the allotment being within the overall authorised capital, 11,22,566 equity shares of Nominal value of Rs.10/- each aggregating to Rs.1,12,25,660/-, to entities as per list enclosed in the Special Resolution, on the terms and conditions to be decided by the Board, including terms set out in the Special Resolution. The said entities to which the shares would be allotted do not belong to the promoters, their Group Companies or their associates. The said issue, offer and allotment of shares would be subject to such approvals including those of Government of India, RBI, FIPB and SEBI as may be necessary.
- (ii) The post allotment shareholding pattern of the shareholders will be as under:

Sl No.	Entity	Number of Shares	% to Total Shares
1	Netizen Infotek India (P) Ltd.	6,89,566	5.36%
2	Trust Leasing & Finance Pvt. Ltd.	3,63,000	2.82%
3	Thakral Computers Private Limited	70,000	0.54%
4	Existing Shareholders	1,17,35,080	91.27%
	TOTAL	1,28,57,646	100.00%

- iii) The pre and post issue shareholding based on the Subscribed Capital of the Company as on 28.08.2007 is as follows, on the assumption that the entities subscribe to the shares as set out above..

Category	Prior to Preferential Issue		Post Preferential Issue	
	% of capital	No. of shares	% of capital	No. of shares
1. Promoter Group	(*)77.80%	91,29,200	71.00%	91,29,200
Sub- Total			71.00%	91,29,200
2.Non Promoter Group				
a. Public	22.20%	26,05,880	20.27%	26,05,880
b. Mutual fund/ FII's	-	-	-	-
c. Proposed Allotment	-	-	8.73%	11,22,566
Sub- Total			29.00%	37,28,446
TOTAL	100.00%	1,17,35,080	100.00%	1,28,57,646

- (*) After the allotment of the shares to the three entities, the promoters group would hold 71% of the total shares ; and other entities and public would hold the remaining 29% shares of the Company.

(iv) The proposed preferential allotment would not result in any change in the control over your Company or in the Board of Directors of the Company. The voting rights in the Company would change in tandem with the shareholding pattern indicated in (iii) above.

- (v) The said preferential issue of shares is being at a price prescribed by the Guidelines for Preferential issues contained in the SEBI Disclosure and Investors Protection Guidelines, 2000 (SEBI Guidelines) issued by the Securities and Exchange Board of India (SEBI). The "relevant date" in terms of the said Guidelines for

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Preferential Issues is 28.08.2007. Copies of the auditors' certificate to the effect that the said issue is being made in accordance with the requirements contained in the aforesaid guidelines shall also be laid before the Annual General Meeting being convened to consider the proposed issue.

- (vi) The existing aforesaid guidelines requires that any allotment pursuant to any resolution passed at a meeting of shareholders of a Company granting consent for preferential issues of any financial instrument, shall be completed within a period of fifteen days from the date of passing of the resolution. In accordance with the said guidelines, the allotment of the shares will be completed within a period of fifteen days from the date of passing of this resolution.
- (vii) The shares allotted on a preferential basis shall be subject to lock in as per the SEBI Guidelines.
- (viii) Your Directors recommend the resolution for your approval.
- (ix) The Directors of your Company may be deemed to be concerned or interested to the extent of the shares that may be subscribed to by them or their relatives or by the entities of which they or their relatives are Directors or Members.

ITEM NOS.8, 9 & 10

- (i) The shareholders are aware that the Company has over the years been suffering losses and the accumulated losses as at 31.3.2007 is to the order of Rs.4,22,99,158/- (Rupees Four Crores Twenty Two Lakhs Ninety Nine Thousand One Hundred and Fifty Eight Only). By virtue of such accumulated losses the share capital account in the balance sheet is not represented by available assets. Hence it is proposed to reduce the paid up capital of the Company from Rs.12,85,76,460/- (Rupees Twelve Crores Eighty Five Lakhs Seventy Six Thousand Four Hundred and Sixty Only) to Rs.6,42,88,230/- (Rupees Six Crores Forty Two Lakhs Eighty Eight Thousand Two Hundred and Thirty Only) and set off a sum of Rs.4,22,99,158/- (Rupees Four Crores Twenty Two Lakhs Ninety Nine Thousand One Hundred and Fifty Eight Only) against the accumulated losses of the Company as on 31.3.2007 and the balance amount of Rs.2,19,89,072/- (Rupees Two Crores Nineteen Lakhs Eighty Nine Thousand and Seventy Two Only) be transferred to the General Reserve account. The proposed reduction of share capital is to reflect the true financial position of the Company and thereby enable the Company to present a better picture when approaching public financial institution or investing public for infusion of funds either in the form of loan or equity. Such reduction of the share capital account requires approval of the shareholders by means of a special resolution and if approved further requires the confirmation of the High Court before giving effect to the proposal. There is no outflow of funds and neither the shareholders nor the creditors of the Company will be affected in any manner whatsoever. The Board of Directors of the Company is of the opinion that reduction of share capital account will be in the interests of the Company. Hence resolution No. 10 set out in the Notice above.
- (ii) The proposed reorganization of the authorized share capital and the alteration to Clause V of the Memorandum of Association of the Company and Article 5 of the Articles of Association of the Company is consequential to the paid up value of each share being reduced to Rs.5/-. Hence resolution Nos. 8 & 9 set out in the Notice above.
- (iii) Your Directors recommend the resolution for your approval.
- (iv) The Directors of your Company may be deemed to be concerned or interested to the extent of the shares that may be subscribed to by them or their relatives or by the entities of which they or their relatives are Directors or Members

BY ORDER OF THE BOARD OF DIRECTORS,

Regd. Office
8th Floor, 'The Estate', 121,
Dickenson Road, Bangalore-42

SANTHOSH KUMAR J.
Company Secretary

Place: BANGALORE
Date: 28.08.2007

Thakral Services (India) Limited**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN
THE FORTHCOMING ANNUAL GENERAL MEETING
(IN PURSUANCE TO LISTING AGREEMENT WITH STOCK EXCHANGES)****Item No.2:**

- 1) Name: Mr. Kanwaljeet Singh Bawa
- 2) Date of Birth: 20.11.1964
- 3) Expertise: Expertise in Financial Management & Control, Taxation and Corporate Secretarial matters spanning over 2 decades.
- 4) List of Companies in which outside directorship held as on 28.08.2007
- M/s. Bhagwan Developments Pvt. Ltd.,
M/s. Carew Developments Pvt. Ltd.,
M/s. Jagbir Developments Pvt. Ltd.,
M/s. Khazina Developments Pvt. Ltd.,
M/s. Minnow Trading Co. Pvt. Ltd.,
M/s. Normandy Developments Pvt. Ltd.,
M/s. Normandy Investments Pvt. Ltd.,
M/s. Parjat Developments Pvt. Ltd.,
M/s. Raaya Developments Pvt. Ltd.,
M/s. Raffles Solutions Pvt. Ltd.,
M/s. Sovereign Investments Pvt. Ltd.,
M/s. Thakral Computers Pvt. Ltd.,
M/s. Westminster Developments Pvt. Ltd.,
M/s. Zarina Developments Pvt. Ltd.,
M/s. Glade Trading Company Pvt. Ltd.,
M/s. Netizen Infotek (India) Pvt. Ltd.,
M/s. Paramount Videos Pvt. Ltd.,
M/s. Trust Leasing and Finance Pvt. Ltd.,
M/s. Raffles Pharmaceuticals Pvt. Ltd.,
M/s. Future World (India) Pvt. Ltd.

- 5) Chairman / Member of the : NIL
Committee of the Board of the
Companies on which he is a
Director as on 28.08.2007

Item No.4:

- 1) Name: Mr. Chennai Divakra Prabhu Rajendran
- 2) Date of Birth: 04.09.1952
- 3) Expertise: Finance and Corporate Management Experience spanning over 3 decades.
- 4) List of Companies in which outside directorship held as on 27.08.2007
- M/s. Raffles Solutions Pvt. Ltd.,
M/s. Asiatic Steel Industries Ltd.,
- 5) Chairman / Member of the : NIL
Committee of the Board of the
Companies on which he is a
Director as on 28.08.2007