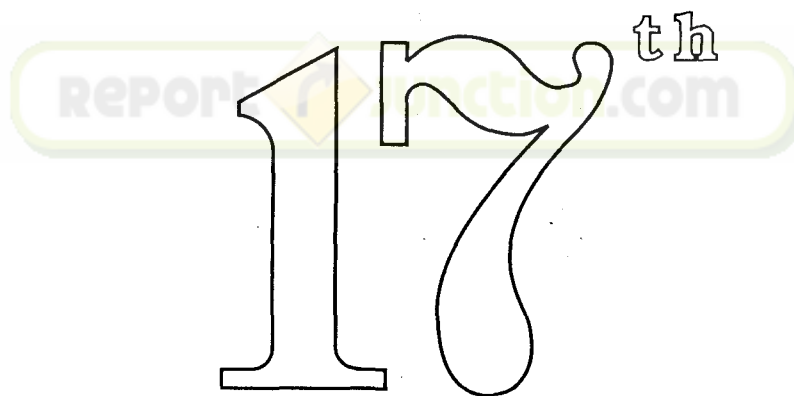




VXL Instruments Limited



Annual Report
2002 - 2003

VXL Instruments Limited

BOARD OF DIRECTORS

D S Rao	Chairman
M V Nagaraj	Director
Kumar Shyam	Director
K Prakash	Director
M V Shetty	Wholetime Director

SENIOR MANAGEMENT TEAM

Tim Goldring	Chief Executive Officer
Frank Noon	President (Sales)
M V Shetty	Wholetime Director
S Sivakumar	Chief Financial Officer & Company Secretary

AUDITORS

Ishwar & Gopal
Chartered Accountants
Bangalore.

AUDIT COMMITTEE

K Prakash	Chairman
D S Rao	Member
Kumar Shyam	Member

BANKERS

State Bank of India
Industrial Development Bank of India

REMUNERATION COMMITTEE

D S Rao	Chairman
K Prakash	Member
Kumar Shyam	Member

REGISTRARS AND SHARE TRANSFER AGENTS

Bigshare Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate
Sakivihar Road, Saki Naka
Andheri (E), Mumbai 400 072
Tel: 91-022-28523474/28560652
Fax: 91-022-2852 5207

INVESTORS' GRIEVANCES COMMITTEE

K Prakash	Chairman
M V Shetty	Member
Kumar Shyam	Member

SHARE TRANSFER COMMITTEE

M V Shetty	Chairman
Kumar Shyam	Member
S Sivakumar	Executive Member

REGISTERED OFFICE

"House of Excellence", No.17
Electronics City, Hosur Road
Bangalore 560 100
Tel: 91-80-852 0046/852 1069
Fax: 91-80-852 0095

WORKS/DOMESTIC UNIT

No.86, 4th Cross, Electronics City
Hosur Road, Bangalore – 560 100
Tel: 91-80-8520042

WORKS/100% EOU

No.17, Ground Floor
Electronics City, Hosur Road
Bangalore - 560 100
Tel : 91-80-852 0046/852 1069

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Seventeenth Annual General Meeting

On Monday,
the 29th September, 2003
at
"House of Excellence"
No.17, Electronics City
Hosur Road, Bangalore - 560 100
at 3.00 p.m.

VXL Instruments Limited

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of the Company will be held at 3.00 p m on Monday, the 29th September, 2003 at the Registered Office of the Company at "House of Excellence", No.17, Electronics City, Hosur Road, Bangalore-561 229 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place Mr. D S Rao, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place Mr. K Prakash, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed there under, Listing Agreements, and all other applicable Laws, Rules, Regulations and Guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modification(s) as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution), be and is hereby authorized to accept, the consent of the Company be and is hereby accorded to the Board to de-list the Equity Shares of the Company from the Stock Exchanges at Bangalore, Ahmedabad and New Delhi".

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

"RESOLVED THAT in accordance with the provisions of Section 81(1-A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the applicable statutes or guidelines or regulations issued/as may be issued from time to time, by concerned authorities including the Reserve Bank of India/SEBI, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as 'the Board' which term shall be deemed to include any committee of Directors which the Board may have constituted to exercise its powers including the powers conferred by this resolution) to issue, offer and allot up to 50,00,000 Equity Shares of Rs 10/- each of the aggregate nominal value up to Rs 5,00,00,000/- (Rupees Five Crores only), the price of the share being such price as the Board may deem fit, subject to the reckoning of the price to be arrived at, for cash/cash equivalents and/or also by way of Stock Swap to provide for investment for the acquisition of stock in companies where the Company has strategic business relationships to be based on proper valuation and in terms of the prevailing relevant Guidelines of SEBI/such other appropriate authorities, to any Body Corporate, Financial Institutions, Non Residents Indians, Foreigners, Overseas Corporate Bodies, Foreign Institutional Investors, Trusts, Mutual Funds, Promoters, their friends and associates including Offshore Mutual Funds, Strategic Allies, persons or individuals and/ or any combination thereof, whether such Body Corporate, Financial Institutions, Non Resident Indians, Foreigners, Overseas Corporate Bodies, Foreign Institutional Investors, Trusts, Mutual Funds, Promoters, their friends and associates including offshore Mutual Funds, Strategic Allies, person or individuals are members of the Company or not, and without offering these Equity Shares on rights basis to the existing members and on such terms and conditions as may be applicable or with such modifications as the Board may decide in consultation with the proposed investors and in such trenches as may be decided by the Board in its absolute discretion.

RESOLVED FURTHER THAT these shares proposed to be issued and allotted as aforesaid shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall on allotment rank *pari passu* with the existing Equity Shares of the Company

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in all respects except that the dividend, if any, be proportionate to the amount paid up per share from time to time.

FURTHER RESOLVED THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds and matters and things as it may, at its discretion deem necessary or desirable for such purpose without being required to seek any further consent or approval of the Company or otherwise to the extent that they shall be deemed to have given their approval hereto expressly by the authority of this resolution and with power on behalf of the Company to settle the questions, difficulties, or doubts that may arise in this regard as it may in its absolute discretion deem fit and proper."

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

"RESOLVED THAT in accordance with the provisions of Section 77A, Section 81 and other applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof, for the time being in force) and the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company, with the Stock Exchanges where the shares of the Company are listed and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include a duly authorized Committee thereof for the time being exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to offer/issue/allot Equity Shares of the face value of Rs 10/- each, of an aggregate nominal amount not exceeding Rs. 3,00,00,000/- (Rupees Three Crores Only) out of the authorized capital of the Company, to or for the benefit of the employees of the Company at any time or in the employment of any of the Company's subsidiaries, present and which may be set up by the Company in future, in one or more tranches upon exercise of options granted to the qualifying people mentioned hereinabove, and in such manner as may be determined in terms of the VXL

INSTRUMENTS LIMITED EMPLOYEES STOCK OPTION PLAN (hereinafter referred to as "the Plan") as placed before this Meeting and initiated by the Chairman for the purposes of identification and on such terms and conditions including the number of shares to be issued as may be finalized by the Compensation Committee consisting to be appointed by the Board in this regard, in terms of the said Plan and that the Compensation Committee may finalize all matters incidental thereto as it may in its absolute discretion think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, and allotment and further to do all such acts, deeds matters and things and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit and to give such directions and/or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, as the Board may *suo motto* decide in its absolute discretion in the best interest of the Company without requiring any further approval of the members and that all or any of the powers conferred on the Board vide this resolution may exercised by the Board or such Committee thereof as the Board may constitute in this behalf."

RESOLVED FURTHER THAT Options to be granted to Messrs Tim Goldring, Frank Noon, S Sivakumar, Jay Savoor, NV Maslekar and Philippe Jaspard, being employees of the Company and/or its Subsidiaries, being equal to or more than 1% of the Paid Up Capital be and is hereby approved."

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

"RESOLVED THAT, pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 the Authorised Share Capital of the Company be and is hereby increased to Rs. 150,00,000 (Rupees Fifteen Crores) divided into 15,00,000 Equity Shares of Rs. 10/- each, from the present level of Rs. 100,00,000 (Rupees Ten Crores), divided

VXL Instruments Limited

into 10,000,000 Equity Shares of Rs. 10/-each.

RESOLVED FURTHER THAT the unissued Shares to be allotted to by the Company shall rank pari passu with the existing Equity Shares except dividend entitlement for the first qualifying year, which if any, shall be on pro-rata basis.

FURTHER RESOLVED THAT The Board of Directors of the Company be and is hereby authorized to do all necessary acts to give effect to this resolution".

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

"RESOLVED THAT, pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956 the Memorandum of Association be and is hereby altered in the following manner :

By deleting the existing Clause V and by substituting the following new Clause V as hereunder :

- V. The Authorised Capital of the Company is Rs. 150,000,000 (Rupees Fifteen Crores) divided into 15,000,000 Equity Shares of Rs. 10/- each".

By order of the Board

S SIVAKUMAR
Chief Financial Officer &
Company Secretary

Place : Bangalore
Date : 27th August, 2003

NOTES

1. Explanatory Statement under Section 173 of the Companies Act 1956 is attached to the notice in respect of Special Business.
2. 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/herself and such proxy need not be a member of the Company; proxies in order to be effective, must be received by the Company at the registered office not less than 48 hours before the meeting.
3. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
4. Members/proxies should bring the Attendance Slip sent here with duly filled in to attend the meeting.
5. The Register of Members and Share Transfer Books shall remain closed from 25th September 2003 to 29th September 2003 (both days inclusive).
6. Members are requested to address all their correspondence including change of address, etc to the present Registrars and Share Transfer Agent: Big Share Services Pvt Ltd, E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Adhere (E), Mumbai – 400 072.
7. Transportation facility will be made at the following location to enable the intending Shareholder/s to attend. The bus will leave the said location at 2.30 p.m.

Madiwala Bus Stop,
Opposite to Madiwala Police Station
Madiwala, Bangalore.

By order of the Board

S SIVAKUMAR
Chief Financial Officer &
Company Secretary

Place : Bangalore
Date : 27th August, 2003

Additional Information pursuant to Clause 49 VI of the Listing Agreement

Details of Directors seeking appointment / re-appointment at the forthcoming AGM

Mr D S Rao is the Company's Chairman and has been on the Company's Board since May, 2002. Mr Rao is a professionally qualified Accountant, based in the UK. Mr Rao has been having his independent professional practice in the UK for over two decades. Mr Rao has an in-depth knowledge of the European

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markets. Mr Rao is also the Chairman of the Remuneration Committee and a member of the Audit Committee. Mr Rao is not a Director in any other Company.

Mr K Prakash, a qualified Company Secretary, is a well known professional, who is involved in the areas of corporate finance, corporate law and other related services. Mr Prakash had served in senior positions in many reputed Companies, before starting his own professional firm. Mr Prakash has been on the Company's Board since June, 2002 and is the Chairman of the Audit Committee and the Investor Grievances Committee. Mr Prakash is also a member of the Remuneration Committee. Mr Prakash is not a Director in any other Company.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956:

Item No.5

The Company's Shares are enlisted on the following Stock Exchanges:

- Bangalore Stock Exchange Limited
- The Stock Exchange, New Delhi
- The Stock Exchange, Ahmedabad

The Listing Regulatory Authorities have recently introduced new Guidelines namely the SEBI (Delisting of Securities) Guidelines, 2003, which came in to effect some time ago. These have simplified the procedural requirements for Delisting of shares.

The proposed de-listing will save unnecessary expenditure and redundant compliances. There have been negligible transactions in your Company's shares in the above referred Exchanges.

The de-listing will take effect upon receipt of all approvals, permissions and sanctions. The proposed de-listing of the Company's Shares from the aforementioned Stock Exchanges as and when the same takes place, will not cause any hardships to any investors since the wide network enables any investor situated anywhere to access the Mumbai Stock Exchange.

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

Your Board recommends the Resolution for your approval.

Item No. 6

As a part of growth, your Company would require financial resources at reasonable cost for its future expansion plans. Your Directors consider it prudent to be able to raise Capital, at a premium under

prevailing rules. Your Board will evaluate any proposal carefully keeping in mind the best interests of your Company and arrive at a suitable price. Your approval is sought to enable your Board of Directors to process any such plan. Any significant development will certainly be shared with the Members at the appropriate time. Therefore, it is proposed to enable the Board to issue further Shares to meet the financial commitments of the future as also to enable partaking by any strategic allies.

Your Board recommends the Resolution for your approval.

The Directors are interested/concerned in the resolution to the extent of their being Shareholders of your Company.

Item No. 7

In order to enthuse interest in the employees and to bind them to the Company strongly, it is proposed to introduce a suitable Employee Stock Option Plan (ESOP). The members are aware that ESOP is a very effective motivating factor in the technology industry. Careful analysis will be done to decide the eligible employees on the muster roles of the Company and they will be offered at appropriate times, specified number of shares, subject to the terms and conditions as the Compensation Committee of Directors may deem fit.

Your Board recommends the Resolution for your approval.

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

Item No. 8 & 9

It is desired to increase the Company's authorised share capital, in order to accommodate the proposed preferential allotment of shares as also the ESOP scheme. This would also required amendment of Clause V of the Company's Memorandum.

Your Board recommends these Resolutions for your approval.

None of the Directors is interested or concerned in the above resolutions.

By order of the Board

S SIVAKUMAR
Chief Financial Officer &
Company Secretary

Place : Bangalore
Date : 27th August, 2003

VXL Instruments Limited

REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To
The Members

Your Directors are pleased to present their report on the business and operations of your Company for the year ended 31st March 2003.

FINANCIAL RESULTS

(Rs.In lakhs)

	2002-03	2001-02
Gross Profit	250.69	549.64
Interest	341.98	363.55
Depreciation	78.17	105.49
Profit/(Loss) before tax and extra-ordinary item	(169.46)	80.60
Non-Operative Expenses	329.63	66.64
Taxation of prior years	-	-
Profit / (Loss) for the year	(499.09)	13.96
Deferred Tax Credit for the year	102.54	17.62
Balance carried forward	(396.55)	31.58

THE YEAR UNDER REVIEW

The year under review was one of the most turbulent periods for IT companies and your Company has been no exception, with its revenues declining to Rs 313 million and the Company posting a net loss of Rs 39.6million. Further, your Company suffered due to a significant decline in worldwide demand for CRT terminals, which has been your Company's main stay product for several years. Over the last two years and especially during the year under review, thin clients are beginning to replace CRT terminals, as your Company's core product line. Despite having the right technology for manufacture of thin clients, which has been developed in-house over the last three years or so, your Company was slow to penetrate this growing international market, due to the lack of an effective global marketing infrastructure, a continued general slow down in IT spend and a slower than anticipated acceptance of thin clients during 2002. Your Company's general lack of funding has also acted as an inhibitor in developing its overseas markets. The presence of the VXL brand in the European markets over the last ten years has been acknowledged, thanks to your Company's Subsidiary in the UK, which has ensured that your Company maintains an excellent reputation and continues to deliver a high degree of technical competence to its customers.

Your Company's operating costs and especially finance costs involving high interest bearing debt continued to be very high and disproportionate to its level of operations, resulting in your Company posting losses. The significant decline in the CRT Terminal market also resulted in an unrealistic material procurement policy, which resulted in your Company holding excess inventories, affecting its cash flows.

Consequent to the lower sales turnover and the incurring of higher financial costs in relation to its level of operations, your Company posted a loss of Rs 1.69 crores, before considering extra-ordinary expenses. Your Board decided to provide for certain expenses, including provisioning towards inventories, etc. on a proactive basis and after considering expenses to the tune of Rs 3.3 crores on this account, your Company's losses stood at Rs 3.96 crores.

Considering the fact that your Company has not been able to grow in terms of turnovers and profits over the last few years and also for the fact that your Company's financial situation noticeably deteriorated during the year under review, your Company's Board decided to bring in top class professionals with proven track record to manage the Company. Accordingly, towards the end of the year, Tim Goldring, an IT professional with over two decades' global experience joined as CEO and Frank Noon, an international IT professional joined as President (Sales). Other management changes include the appointment of S Sivakumar, a senior finance professional with over 17 years' experience, as Chief Financial Officer & Company Secretary.

Your Board is pleased to inform you that despite the funds crunch that existed throughout the year, your Company was still able to bring in two new products in the thin client family. Your Company also strengthened its software capabilities, which are a major distinguishing factor in the international market for thin clients, by recruiting a highly talented team of more than 25 software engineers.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The worldwide Thin Client industry is dominated by a handful of global manufacturers with both hardware and software capabilities. Your Company is recognized as one of the dominant players in this industry segment. The industry demand for Thin Clients is growing appreciably and your Company will be one of the major beneficiaries in this segment. Your Company has taken steps to reinforce its hardware

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and software capabilities to address the huge global market demand for Thin Clients.

OVERSEAS OPERATIONS

Your Company continues to sell its products in the European markets through its Subsidiary Company based in the UK. Despite that the European market for your Company's products continued to grow during the year under review, your Company's Subsidiary could not take advantage of the situation, due in part to the lack of an effective marketing infrastructure. New strategic initiatives have now been taken by the new executive team and we are happy to inform you that your Company's exports into the European market is poised to grow manifold, during the current financial year. Your Company's new range of products are winning prestigious international orders, against competition from the world majors.

Your Company's management team is also putting together a strategy to handle the large US market for thin clients, which could bring in significant results in the coming months. Export marketing efforts have also been spruced up to meet the challenges of the Asian and Australian markets.

RESEARCH AND DEVELOPMENT

Your Company continues to invest its financial and operational resources in reinforcing its R & D activities including improving and enhancing its software capabilities. Your Company's continued stress on R & D enabled the introduction of new thin client products, which offer customers significant advantages in terms of cost savings and enhanced features. Your Board is pleased to inform you that these products have already elicited highly favorable responses from customers both in India and abroad. These new cost effective models are proving to be major hits, both in the Indian as well as in the international market.

SUBSIDIARY COMPANIES

Your Company's Subsidiary in the UK posted substantial losses during the year under review, mainly due to slower than anticipated sales. However, during the current year, the Subsidiary's sales turnover is expected to grow manifold, on account of the new products introduced by your Company.

Your Company's other Subsidiary, XLnet Software Systems, was not involved in any active business operations during the year under review.

FUTURE PROSPECTS

The Company is poised to make a major turnaround, in the current financial year, both in terms of sales turnover as global demand for thin clients increases, as well as in terms of the overall profitability. Your Company is working on several large projects, wherein its new products are finding highly favorable openings. Your Company's management is also working on replacing the high cost debt with lower interest bearing loans.

Your Company's critical areas involving materials procurement, manufacturing and marketing have been completely re-structured, enabling it to offer cost effective products in the highly competitive market place. Your Company is now following an aggressive pricing and marketing strategy, which is already brining in the expected results. The Company's new CEO and his team are leaving no stone unturned, in making your Company, a dominant player in the international IT market.

The future prospects look very bright and promising and your Board expects to report more positive results in the future.

OPPORTUNITIES AND THREATS

The rapidly growing global market for Thin Clients presents major opportunities for players in this segment. Your Company does not perceive any major threat for its products, given the fact that its products compete favorably with those of competitors, both in the domestic as well as in the international markets.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has taken major steps in recent months to reinforce its internal control and audit systems, with a view to aid the Company's executive management in its decision making. It is felt that these systems are adequate.

PARTICULARS OF EMPLOYEES

None of the employees draw remuneration in excess of the limit prescribed in Sec 217(2A) of the Companies Act, 1956.

DIRECTORS

Effective August 27 2003, Mr M V Nagaraj has resigned as Managing Director of the Company. However, he continues to be a non-executive Director. Your Board expresses its gratitude to Mr Nagaraj for all his efforts in managing the Company, over the years.

VXL Instruments Limited

Messrs J R Mundkur , A Murali, Ajit Shelat and Ali Jawad opted out of the Board due to personal reasons and your Board wishes to record its appreciation for the services rendered by the said outgoing Directors.

Mr. D S Rao and Mr. K Prakash retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

During the year under review, Messrs S Madhavan & Co., Chartered Accountants, Bangalore, ceased to hold office due to personal reasons and the members may recall that at the Extraordinary General Meeting held on 23rd April, 2003, Messrs Ishwar & Gopal, Chartered Accountants were appointed as the new auditors of the Company. Messrs Ishwar & Gopal, being eligible, offer themselves for re-appointment as auditors.

AUDITORS' REPORT

Members' attention is drawn to Notes No. 2 of Schedule 20 dealing with Notes on Accounts, which have been dealt with in Point No.4 of the Auditors' Report and are self-explanatory.

FIXED DEPOSITS

Your Company has been accepting fixed deposits from the public and shareholders. The total amount of such fixed deposits as on 31st March, 2003 was Rs.74.70 lakhs. There were no unclaimed deposits as at that date.

LISTING

Your Company's shares are traded compulsorily in the electronic form and are enlisted on the Stock Exchanges at Bangalore, Mumbai, Ahmedabad and New Delhi. The Listing Fees has been paid to all these stock exchanges up to date. With the revised guidelines from SEBI, approval of the members is sought to delist the shares from the Stock Exchanges at Bangalore, New Delhi, and Ahmedabad.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

Your Company has taken significant decisions in reinforcing its executive management by the induction of several senior professionals. Recent top-level changes include the appointment of Tim Goldring as CEO and Frank Noon as President (Sales). Your Company's manpower strength stood at 324, as of March 31, 2003.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217(2AA) of the Companies Act, 1956, the Directors state and confirm that:

- The financial statements have been prepared in conformity with the generally accepted accounting standards and principles and in terms of the requirement of the Companies Act, 1956. Reasonable and prudent judgements and estimates have been made wherever necessary.
- The accounting policies selected and applied consistently give a true and fair view of the financial statements.
- The Company has implemented adequate internal controls to provide reasonable assurance of the reliability of its financial records, proper safeguarding and use its assets and detection of frauds and irregularities.
- The Directors have prepared the annual accounts on a "going concern" basis.

CORPORATE GOVERNANCE

Your Company has complied with all mandatory provisions of Corporate Governance as prescribed under the Listing Agreements of the stock Exchanges with which the company is listed.

A separate report on Corporate Governance along with the Auditors' statement on its compliance is attached to this Report.

Other information for the benefit of the investors at large is furnished separately in the Annual Report.

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial during the year.

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

The information required to be furnished under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

STOCK OPTIONS SCHEME

Your Board is pleased to inform you that, during the current financial year, a comprehensive Employees Stock Option Scheme is being implemented, covering all the permanent employees of your Company as well as its Subsidiaries, within the purview of the currently applicable guidelines. Your Board firmly