

ABC

ABC Bearings Limited

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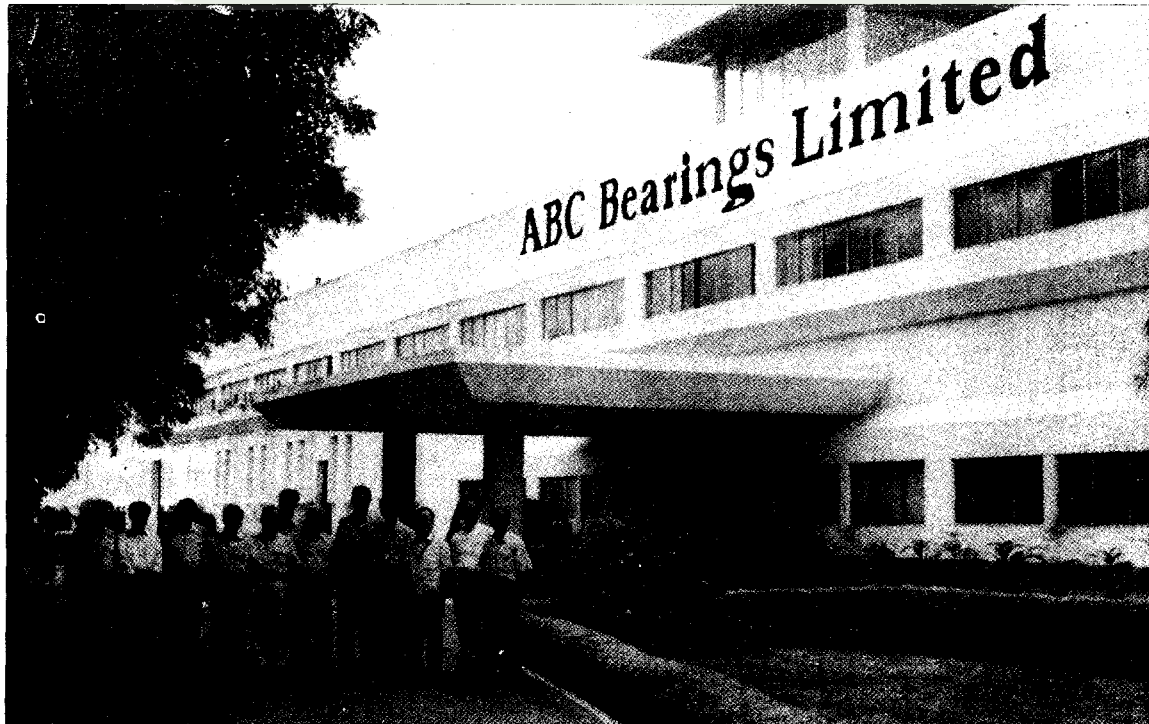
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Annual Report
2004-2005

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BOARD OF DIRECTORS	S. M. Patel - Chairman P. M. Patel - Managing Director T. M. Patel - Executive Director C. U. Shah Y. H. Malegam S. K. Diwanji V. C. Vaidya Jal R. Patel
C.E.O.	B. N. Vidholia
COMPANY SECRETARY	R. L. Somani
AUDITORS	Parikh & Shah Chartered Accountants
COST AUDITORS	B. J. D. Nanabhoy & Co. Cost Accountants
SOLICITORS	Desai & Diwanji Advocates & Solicitors
BANKERS	Bank of Baroda Corporation Bank UTI Bank Ltd. Kotak Mahindra Bank Ltd.
REGISTERED OFFICE	402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai 400 018.
REGISTRARS & TRANSFER AGENTS	Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072.
WORKS	1. Pandit Jawaharlal Nehru Marg, Lonavla 410 401 Maharashtra State. 2. Plot No. 1-B, GIDC Industrial Estate, Bharuch 392 015, Gujarat State. 3. Plot No. 109-B, GIDC Industrial Estate, Bharuch 392 015, Gujarat State.

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NOTICE

NOTICE is hereby given that the Forty-fourth Annual General Meeting of the Members of **ABC Bearings Limited** will be held on **Tuesday, the 19th July, 2005 at 4.30 p.m.** at Walchand Hirachand Hall, Indian Merchants' Chamber Building, 76, Veer Nariman Road, Churchgate, Mumbai - 400 020, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2005 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. V.C. Vaidya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S.K. Diwanji, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, for the time being in force, the existing Article 96 of the Articles of Association of the Company, be and is hereby altered by deleting the same and substituting in its place and stead, the following as new Article 96 of the Articles of Association of the Company, viz.

"The maximum remuneration of a Director for his services shall be such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any Committee thereof attended by him. All other remuneration, if any, payable by the Company to each Director, whether in respect of his services as Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending at Board and Committee Meetings, and otherwise in the execution of their duties as Directors. If the Board so determines, remuneration by way of commission may be paid to a Director who is neither in the wholetime employment of the Company nor a Managing Director, or if the Board so desires, then commission may be paid to more than one such Director, provided that the commission so paid to all of them together shall not exceed 1% of the net profits of the Company, if the Company has a Managing or wholetime Director or 3% of the net profits of the company in any other case. The Commission so paid to Director or Directors will be in addition to the fees, to be paid to the Director for attending meeting of the Board of Directors or any committee meeting, computed and calculated in accordance with the provisions of the Act."
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as a Special Resolution:

"RESOLVED THAT pursuant to Section 309(4)(b) and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government under Section 310 of the Companies Act, 1956, commission @ 1% of the net profits of the Company, be paid to such Director or Directors of the Company, as may be decided by the Board of Directors of the Company, from time to time, subject to maximum period of Five years at a time."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, matters, deeds and things to give effect to the above resolution."
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Clause 49 of the Listing Agreement, the Company do pay sitting fees not exceeding Rs.5000/- (Rupees Five Thousand Only) per meeting, to Non-Executive Directors of the Company for attending the Board Meeting or Audit Committee Meeting, from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds and things as may be considered necessary, proper and expedient to give effect to this Resolution."

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument of proxy should, however be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, the 12th July, 2005 to Tuesday, the 19th July, 2005 (both days inclusive).
4. Pursuant to Section 205A of the Companies Act, 1956, the unclaimed dividend upto the financial year ended 31st March, 1997 has been transferred to Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956. The members who have not encashed the dividend warrants for the year ended 31st March, 1998, may approach the Company for obtaining duplicate warrants.

5. As per SEBI's Notification dated 16th February, 2000, the equity shares of the Company have been compulsorily dematerialised and sale/purchase of the same is required to take place in dematerialised form only. You are advised to get your shares dematerialised through NSDL or CDSL. They have allotted ISIN Number INE 779A01011. Members are requested in their interest, to please return the physical certificates through their Depository Participants (DP).
6. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories/members for depositing dividend or payment through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available, for distribution of dividend.
7. Members seeking any information with regard to Accounts are requested to write to the Company at least 10 days in advance so as to enable the Company to keep the information ready.
8. Members are requested to send all future correspondence in respect of their change of address, transfer of shares or any other query, directly to the Share Transfer Agents at the following address :

BIGSHARE SERVICES PVT. LTD. TEL. NOS. : 022-28473747
 E-2, ANSA INDUSTRIAL ESTATE, 022-56936291
 SAKIVIHAR ROAD, SAKI NAKA, FAX NO. : 022-28475207
 ANDHERI (E), MUMBAI 400 072.

9. Members are requested to quote their Folio/DP ID Number(s) in all correspondence with the Company's Share Transfer Agents.
10. Members/Proxies should bring the attendance slip duly filled-in for attending the meeting.
11. Members are requested to bring their copy of Annual Report to the Meeting.

Registered Office :
 402-B, Poonam Chambers,
 Dr. Annie Besant Road,
 Worli, Mumbai 400 018.

By Order of the Board of Directors

Date : 16th May, 2005

R. L. Somani
 Company Secretary

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

Item No.6 :

The existing Article 96 of the Articles of Association of the Company is not in line with Section 309(4)(b) of the Companies Act, 1956. Hence, Company is not able to pay necessary commission to its Directors. The resolution at item No.6 of the Notice is for amending Article 96 of the Articles of Association to enable the Company to pay commission to its Director or Directors subject to the limit mentioned in the Companies Act, 1956.

The Board recommends the resolution at item No.6 of the notice for approval of shareholders.

All the Directors excluding Managing Director and Executive Director are concerned or interested in the resolution.

Item No.7 :

Considering the present trend in the industry it is proposed to pay commission @ 1% of net profit of the Company to one or more Directors for a maximum period of 5 years at a time. The Board of Directors recommends the resolution for approval of the members.

All the Directors of the Company are deemed to be concerned or interested in the aforesaid resolution.

Item No.8 :

Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/CFD/DIL/2004/12/10 dated 29th October, 2004, have amended the Clause 49 of the Listing Agreement and the amended clause requires the Company to take prior approval of shareholders in General Meeting for payment of sitting fees to the Non-Executive Directors including Independent Directors.

Looking at the present trend in the industry and time devoted by Non-Executive Directors, the Board recommends the resolution mentioned at Item No.8 for the approval of members.

All the Non-Executive Directors including Independent Directors are interested in the resolution.

By Order of the Board of Directors

Place: Mumbai
 Date : 16th May, 2005

R. L. Somani
 Company Secretary

ABC Bearings Limited

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Forty-fourth Annual Report with the Audited Statements of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS :

	Year ended 31.03.2005	Year ended 31.03.2004
	Rs. in lacs	Rs. in lacs
Gross Profit before Interest, Depreciation and Tax	2795.74	1995.14
Less: Interest & Finance Charges	280.96	342.00
Depreciation	<u>630.19</u>	<u>676.85</u>
Profit before Tax	1884.59	976.29
Add: Income Tax Refund Received	--	7.29
Less: Provision for tax		
Current tax	(910.00)	(91.00)
Deferred tax	177.64	(270.72)
Profit after tax	<u>1152.23</u>	<u>621.86</u>
Add: Balance brought forward from previous year	7.13	(388.18)
Amount available for appropriations	<u>1159.36</u>	<u>(233.68)</u>
Appropriations :		
Proposed Dividend	346.50	173.25
Tax on proposed dividend	48.60	22.20
Transfer to General Reserves	400.00	31.10
Balance carried to Balance Sheet	<u>364.26</u>	<u>7.13</u>
	<u>1159.36</u>	<u>233.68</u>

OPERATIONS :

Your Company's results for the year ended 31st March, 2005 showed a remarkable recovery with profit after tax standing at Rs.1152.23 lacs as against Rs.621.86 lacs during the corresponding period of the previous year. Exports decreased from Rs. 410.05 lacs during F.Y 2003-04 to Rs.221.36 lacs during the year under report.

Both, commercial vehicles and tractor industry, on which your Company is greatly dependent, showed signs of improvement. Steel prices continued to rise throughout the year, a part of which could only be covered by sales price increase. Improved production and productivity, cost control and lower interest burden, helped the Company to achieve a healthy bottom line. The Company's performance was backed by strong support from OEMs as also operational efficiency and good planning.

DIVIDEND :

The Directors have recommended a dividend of Rs.3.00 per Equity Share on 1,15,50,000 Equity Shares of Rs.10/- each for the financial year ended 31st March 2005, which, if approved at the forthcoming Annual General Meeting, will be paid to (i) all those Equity Shareholders whose names appear on the Register of Members as on 19th July, 2005 and (ii) to those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as on that date.

The dividend pay out for the year under review has been formulated in accordance with the Company's policy of striving to pay stable dividend linked to long term performance, keeping in view the Company's need for capital, its growth plans and the intent to finance such plans through internal accruals to the maximum. Your Directors believe that this would increase shareholder value and eventually lead to a higher return threshold.

COLLABORATION :

NSK Japan, who are your Company's technology partner, continue to assist significantly in updating processes and quality, in line with international standards. It helped your Company to get Quality Achievement Award from Toyota Kirloskar Motor Limited [TKM] for the third year in a row.

QUALITY CERTIFICATION :

Your Company's plants continue to enjoy the ISO 9001 and QS 9000 Certification and most of the customers have awarded self-certification to the Company for its products for Direct Online Supply. Significantly, Toyota Kirloskar Motor Limited [TKM] has presented your Company with the Quality Achievement Award 2004-05 for the third year in a row.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act 1956, the Directors report that :

- in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- such accounting policies have been selected and applied consistently and the judgments and estimates made are 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 that year.
- proper and sufficient care has been taken 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.
- the annual accounts have been prepared on a going concern basis.

FIXED DEPOSITS :

Deposits amounting to Rs.0.15 lacs matured on or before 31st March, 2005, were not claimed by the depositors as on that date.

DIRECTORS :

Mr. V.C. Vaidya and Mr. S.K. Diwanji retire by rotation and being eligible, offer themselves for reappointment. Necessary resolutions for their reappointment are being placed before the members for their approval.

CORPORATE GOVERNANCE :

Your Company has complied with the requirements of the Code of Corporate Governance in accordance with Clause 49 of the Listing Agreement with BSE. A separate report on Corporate Governance along with Auditors' certificate on its compliance is attached to this Report. Management Discussion and Analysis, as prescribed by the Listing Agreement, also forms a part of the Annual Report.

REPORT ON ENERGY CONSERVATION AND RESEARCH AND DEVELOPMENT ACTIVITIES :

Information relating to Energy Conservation, Foreign Exchange Earned and Spent and Research and Development activities undertaken by the Company in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in the annexure to the Directors' Report.

AUDITORS :

M/s. Parikh & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

COST AUDITORS :

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have appointed M/s. B. J. D. Nanabhoy & Co., Cost Accountants, as the Cost Auditors to conduct cost audit of the product 'Bearing' for the year 2005-06, subject to the approval of the Central Government. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

PARTICULARS RELATING TO EMPLOYEES :

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is given in Annexure to this report.

ACKNOWLEDGEMENT :

The Directors wish to place on record their deep sense of appreciation for the committed services of the employees of the Company at all levels. The Directors also express their sincere appreciation for the assistance and co-operation received from Banks, Customers and Dealers, during the year.

For and on behalf of the Board

Place: Mumbai
Date : 16th May, 2005

S.M.PATEL
Chairman

ANNEXURE TO DIRECTORS' REPORT

Particulars under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY :

Efforts for conservation of energy continued during the year are listed below :

1. Peak load staggering management was very closely monitored throughout the year.
2. Power factor maintained at 0.99 resulting in substantial rebate from GEB.
3. Tube lights for plant illumination were readjusted and 15-20% reduction in no. of tube lights could be effected.
4. Heat treatment furnaces modified to reduce energy consumption per kg. of production by 15%.
5. Insulation of furnaces further improved to reduce heat losses.
6. Some low productivity machines converted to CNC to increase productivity per unit of energy.

B. TECHNOLOGY ABSORPTION :

1. NSK's active participation into various technology activities continued during the year. The technology for the manufacture of special type of cylindrical roller bearings for Toyota-India's export oriented unit is now in full use to produce full compliment bearings on mass production basis.
2. ABC engineers are being continuously trained by NSK experts to enhance the absorption activities by their several visits to Bharuch during the year.
3. NSK also actively participate into bearing life testing lab. upgradation and continuously monitor the testing methods.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Earnings : Rs.221.36 lacs
Outgo : Rs.614.66 lacs.

Information as per Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2005

Name	Age (Years)	Designation/ Nature of duties	Gross Remune- ration	Qualification	Experience Years	Date of Commen- cement of Employment	Details of Last employment held Employer	Post last held
Mr. B.N.Vidholia	58	Chief Executive Officer	30,79,930	B.E. (Mech.) M.B.A.	36 Yrs	01.12.2001	FAG Bearings India Ltd.	Director (Marketing)
Mr. P.M.Patel	57	Managing Director	77,44,504	B.Com. M.B.A.	32 Yrs	15.09.1973	Employed Overseas	
Mr. T.M.Patel	51	Executive Director	74,38,053	B.S. (U.S.A.)	26 Yrs	01.02.1979	Employed Overseas	

Notes :

- (a) Gross remuneration as above includes salary, bonus, commission, other allowances, monetary value of perquisites as per Income-tax Rules, Company's contribution to provident fund & superannuation scheme but excludes contribution to gratuity fund made on the basis of actuarial valuation.
- (b) Mr.B.N.Vidholia is not a relative of any Director of the Company.
- (c) Mr. P.M.Patel, Managing Director and Mr. T.M.Patel Executive Director are related to each other.
- (d) The nature of employment is contractual.
- (e) There are no employees in the services of the Company within the category covered by sub-Section (a)(ii) of Section 2(A) of the companies Act, 1956.

ABC Bearings Limited

10 YEARS' HIGHLIGHTS

(Rupees in lacs)

PARTICULARS	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Sales & Other Income	10462.81	11779.18	8030.53	7367.20	10732.50	11408.92	7717.56	8620.60	11200.74	15264.22
Materials Consumed	4552.97	4750.45	2926.95	3329.07	4078.40	5305.62	3349.51	3451.84	4963.87	6790.84
Excise duty	1368.86	1513.34	901.51	885.48	1708.77	1259.41	1031.07	1138.58	1464.84	2019.08
Employee Cost	889.32	873.44	1032.49	1137.74	1441.48	1357.46	1108.07	1067.36	853.09	1069.49
Interest & Finance Charges	766.81	930.43	946.70	1036.71	861.15	1053.48	736.87	608.24	342.00	280.96
Depreciation	526.83	796.95	533.57	484.88	597.83	535.92	408.72	546.69	676.85	630.19
Other Expenses	1694.01	2003.97	1606.87	1496.63	1820.97	1532.18	1365.52	1590.02	1701.05	2366.32
Profit / (Loss) before tax & exceptional items	664.01	910.60	82.44	-1003.31	223.90	364.85	- 282.20	217.87	1199.04	2107.34
Exceptional Items	-	-	-	-	-	-	-	-	222.75	222.75
Diminution in value of Investments	-	-	-	-	-	-	293.80	-	-	-
Provision for current tax	14.07	135.00	9.00	-	7.90	35.00	-	10.56	91.00	910.00
Provision for deferred tax	-	-	-	-	-	-	- 100.46	- 61.41	- 270.72	177.64
Profit / (Loss) after tax & exceptional items	649.94	775.60	73.44	-1003.31	216.00	329.85	- 475.54	145.90	621.86	1152.23
Prior period adjustment (net)	-	-	-	-	-	-	58.54	-	-	-
Equity Dividend Rs.	202.96	202.96	63.57	-	-	-	-	-	173.25	346.50
Equity Dividend %	35	35	10	-	-	-	-	-	15	30
Retained Earnings	446.98	572.64	9.87	-1003.31	216.00	329.85	- 475.54	145.90	426.41	757.13
Gross Fixed Assets	9129.50	11062.96	11459.33	11499.26	11655.99	8683.15	8821.30	8865.47	9054.62	9168.41
Net Fixed Assets	6039.22	7295.23	7158.03	6834.21	6450.77	4546.46	4349.79	3853.18	3405.68	2970.69
Investments	183.22	183.22	183.22	183.02	183.02	383.02	22.91	17.46	21.73	21.73
Net Current Assets	3044.38	3499.83	4066.27	3354.38	4192.76	4002.45	3241.53	3152.31	3429.45	4042.36
Deferred Revenue Exp	-	-	-	-	-	-	160.32	663.23	440.48	217.74
Total Assets (Net)	9266.82	10978.28	11407.52	10371.61	10826.55	8931.93	7134.05	6984.27	6324.71	6457.53
Share Capital - Equity	577.89	577.89	577.89	577.89	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00
Reserves and Surplus	2396.57	2971.11	2980.98	1977.67	2193.67	2523.52	1248.48	1394.38	1820.79	2577.92
Net Worth	2974.46	3549.00	3558.87	2555.56	3348.67	3678.52	2403.48	2549.38	2975.79	3732.92
Borrowings	6292.36	7429.28	7848.65	7816.05	7477.88	5253.41	4730.57	4434.89	3348.92	2721.61
Total Funds Employed	9266.82	10978.28	11407.52	10371.61	10826.55	8931.93	7134.05	6984.27	6324.71	6457.53
Earnings per Share	11.25	13.42	1.27	-17.36	2.52	2.86	- 4.62	1.26	5.38	9.98
Book value per Share	51.47	61.41	61.58	44.22	28.99	31.85	20.81	22.07	25.76	32.32
Debt : Equity	2.12	2.09	2.21	3.06	2.23	1.43	2.11	2.35	1.32	0.78
Turnover/Inventory(Times)	4.47	4.03	2.50	3.09	3.33	6.84	5.78	6.00	6.86	82
Turnover / Net Block	1.73	1.61	1.12	1.08	1.66	2.51	1.77	2.24	3.29	14
Current Assets / Current Liabilities	2.43	2.39	3.23	2.73	2.85	3.09	3.35	3.02	2.80	0.96
Number of Shareholders	6990	7252	7302	7397	7820	8764	8603	8298	7870	61
Number of Employees	1295	1353	1358	1394	1341	1198	878	567	526	09

CORPORATE GOVERNANCE REPORT :

Since inception, your Company has been committed to the practice of good corporate governance. Pursuant to Clause 49 of the Listing Agreement, a detailed report on compliance by the Company is given herebelow :

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Your Company has a basic philosophy of achieving excellence aimed at increasing value for all stakeholders and understands the right to information of its shareholders with respect to the performance of the Company.

BOARD OF DIRECTORS :

The Board of Directors comprises a fair number of independent, professionally competent and acclaimed Non-executive Directors. The Company has a Non-executive Chairman, with the number of Independent Directors being more than one-third and the number of Non-executive Directors being more than 50% of the total number of Directors.

As stipulated, none of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees. Particulars in respect of their various Directorships, Chairmanships and Memberships of Board/Committees and attendance at Board/ General Meeting of the Company are given herebelow :

Name of the Director	Executive/Non-Executive/ Independent	No. of outside Directorships in Public Companies	Membership held in Committee of Directors	Chairmanship held in Committee of Directors	No. of Board Meetings attended	Whether attended last AGM Yes/No.
Mr. S. M. Patel	Non-Executive Chairman	2	3	1	4	Yes
Mr. Y. H. Malegam	Non-Executive – Independent	11	3	4	3	Yes
Mr. S. K. Diwanji	Non-Executive – Independent	7	6	1	3	Yes
Mr. V. C. Vaidya	Non-Executive – Independent	7	4	2	4	Yes
Mr. C. U. Shah	Non-Executive – Independent	-	-	-	1	Yes
Mr. T. M. Patel	Executive Director	2	3	-	3	Yes
Mr. P. M. Patel	Managing Director	3	4	1	4	Yes
Mr. Jal R. Patel *	Non-Executive – Independent	4	4	2	3	Yes

During the financial year 2004-05, four Board meetings were held on the following dates i.e. on 26th May, 2004, 20th July, 2004, 25th October, 2004 and 28th January, 2005 and the Annual General Meeting was held on 20th July, 2004.

AUDIT COMMITTEE :

The Audit Committee of the Company has such powers as are detailed under Section 292A of the Companies Act, 1956, and also as are detailed in terms of Clause 49 of the Listing Agreement.

The responsibilities of the Audit Committee include inter-alia, overseeing the financial reporting process to ensure proper disclosure of financial statements, recommending appointment/removal of external auditors and fixing their remuneration, reviewing the quarterly, half yearly and annual financial statements before submission to the Board, reviewing the adequacy of the internal audit functions, ensuring compliance of internal control systems and discussing the scope of audit with external auditors.

The composition of the Audit Committee is as under :

Name of the Director	Category	No. of Audit Committee Meetings attended
Mr. V.C. Vaidya	Independent Non-executive Director (Chairman)**	3
Mr. Jal R. Patel	Independent Non-executive Director (Chairman)*	1
Mr. S.M. Patel	Non-executive Director (Member)	3
Mr. S.K. Diwanji	Independent Non-executive Director (Member)	2

* Chairman from 28.01.2005.

** Chairman upto 28.01.2005.

During the Financial year 2004-05, three Audit Committee Meetings were held on the following dates i.e. on 26th May, 2004, 25th October, 2004 and 28th January, 2005.

REMUNERATION COMMITTEE :

The general scope of work entrusted to the Remuneration Committee includes recommendation of remuneration packages for the Managing/ Executive Directors and review thereof, based on performance and achievements, within the provisions of the Companies Act, 1956 and amendments thereto.