



38th Annual Report
2004-2005

ANSAL PROPERTIES & INFRASTRUCTURE LTD.
(AN ISO 9001: 2000 COMPANY)


BOARD OF DIRECTORS

Shri Sushil Ansal	<i>Chairman</i>
Shri Anil Kumar	<i>Whole Time Director & Chief Financial Officer</i>
Shri H. K. Varma	<i>Whole Time Director</i>
Shri Gopal Ansal	Director
Shri D.N. Davar	Director
Dr. R. C. Vaish	Director
ACM O. P. Mehra (Retd.)	Director
Shri Rahul C. Kirloskar	Director
Shri Lalit Bhasin	Director
Shri P. R. Khanna	Director

AUDIT COMMITTEE MEMBERS

Shri D.N. Davar	Chairman
Dr. R. C. Vaish	Vice-Chairman
ACM O. P. Mehra (Retd.)	Member
Shri P. R. Khanna	Member

VICE PRESIDENT & COMPANY SECRETARY

Shri Amitav Ganguly

STATUTORY AUDITORS

M/s Khanna & Annadhanam
Chartered Accountant
New Delhi-110001

FINANCIAL INSTITUTION

Housing Development Finance Corporation Limited

BANKERS

Punjab National Bank
UCO Bank
The Jammu & Kashmir Bank Ltd.
Oriental Bank of Commerce

REGISTERED OFFICE OF THE COMPANY

115, Ansal Bhawan
16, Kasturba Gandhi Marg
New Delhi-110001

CONTENTS

Notice of Annual General Meeting	2-10
Directors' Report	11-17
Corporate Governance Report	18-31
Management Discussion & Analysis	32-35
Auditors' Report	36-39
Balance Sheet	40
Profit & Loss Account	41
Schedules	42-58
Cash Flow Statement	59
Balance Sheet Abstract & Business Profile	60
Consolidated Accounts	61-79
Information of Subsidiary companies as per approval u/s 212 (8) of Companies Act, 1956	80
ECS Mandate Form	
Attendance Slip / Proxy Form	(Back Page)



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of the Company will be held on Monday, the 26th day of September, 2005 at 10.00 A.M. at FICCI Auditorium, Tansen Marg, New Delhi – 110 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit & Loss Account together with the Consolidated Financial Statement of Accounts for the year ended on that date, together with the Directors' Report and Auditors' Report thereon.
2. To confirm Interim Dividend already declared and paid, and, to declare Final Dividend on Equity Shares.
3. To appoint a Director in place of Shri D.N.Davar who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.R. Khanna, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Rahul C. Kirloskar, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

7. Re-appointment of Shri Sushil Ansal as Chairman & Whole Time Director of the Company.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 read with Schedule-XIII of the Companies Act, 1956, as amended from time to time, and other applicable provisions, if any, of the Companies Act, 1956 and provisions of the Articles of Association of the Company, re-appointment and remuneration of Shri Sushil Ansal, as Chairman & Whole Time Director of the Company, for another period of 5 (Five) years commencing from 01.04.2005 to 31.03.2010, on the following salary, perquisites and commission (in short, referred as remuneration) and other terms & conditions as decided by the Board of Directors and its Remuneration Committee at their respective meetings held on the 30th March 2005, be and are hereby approved:

Remuneration payable to Shri Sushil Ansal, with effect from 1st April, 2005

I **Salary**

Salary of Rs. 3,00,000/- (Rupees three lacs only) per month in the grade of 3,00,000-25,000-4,25,000/-.

II **Commission on Net Profit**

Up to 2% of the Net Profit of the Company for each Financial Year computed in accordance with the provisions of Sections 349 & 350 of the Companies Act, 1956.

III **Perquisites**

In addition to the above, he shall be entitled to the following perquisites.

PART "A"

- a) **Housing:-** Residential Rent Free furnished accommodation or in lieu thereof House Rent Allowance @ 60% of the Salary (per month) over and above 10% payable by him.
- b) **Gas, Electricity, Water and furnishing:-** Expenses incurred on Gas, Electricity, Water and furnishing subject to a ceiling of 10 % of the salary.
- c) **Medical Reimbursement :-** Payable as per the rules of the Company.
- d) **Leave Travel Assistance :-** Payable as per the rules of the Company.
- e) **Club Fee :** Fees of clubs, subject to a maximum of two clubs.
- f) **Personal Accident Insurance :** Premium not exceeding Rs. 4000/- p.a.


PART "B"

- a) **Provident Fund** :- Company's contribution towards Provident Fund, as per rules of the Company, which are applicable from time to time, not being taxable under the Income Tax Act, 1961, which at present is 12% of the basic salary.
- b) **Gratuity** :- Gratuity in accordance with the rules of the Company but not exceeding one-half month's basic salary for each completed year of service.
- c) **Leave** :- Leave shall be allowed with full pay and allowances as per the rules of the Company.

RESOLVED FURTHER THAT Shri Sushil Ansal shall not be entitled to any sitting fees or other payments for attending meetings of the Board, or where applicable, any committee/s thereof.

RESOLVED FURTHER THAT Shri Sushil Ansal be permitted use of Company's car with driver and also telephone at residence for official business of the Company.

RESOLVED FURTHER THAT in the event of no profits or inadequacy of profits in any financial year, the remuneration payable to Shri Sushil Ansal, shall be regulated in accordance with applicable parts/sections of the Schedule XIII and/or other applicable provisions of the Companies Act, 1956 as existing from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to vary and/or modify the remuneration of Shri Sushil Ansal, in accordance with his salary grade, and other terms and conditions, from time to time, including grant of one or more additional increments, annually, based on his performance, after approval of his remuneration by the Remuneration Committee, provided that the remuneration does not exceed the ceiling/s laid down under the Schedule XIII and/or other applicable provisions of the Companies Act, 1956, as existing from time to time.

RESOLVED FURTHER THAT during the period Shri Sushil Ansal remains as Chairman and Whole-Time Director, all other rules, regulations, etc. of the Company shall be applicable to him, unless otherwise decided by the Board of Directors".

8. Appointment of Shri Anil Kumar, as Director of the Company.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Shri Anil Kumar, who has been appointed as an Additional Director of the Company w.e.f. 1st April, 2005 under Section 260 of the Companies Act, 1956 (the Act), and, applicable provisions of Articles of Association, by the Board of Directors at its meeting held on the 30th March, 2005, and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member alongwith a deposit of Rs.500/- signifying his intention to propose Shri Anil Kumar, as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company."

9. Appointment of Shri Anil Kumar, as Whole Time Director & CFO of the Company.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule-XIII of the Companies Act, 1956, as amended from time to time, and other applicable provisions, if any, of the Companies Act, 1956 and provisions of the Articles of Association of the Company, appointment and remuneration of Shri Anil Kumar, as a Whole Time Director & Chief Financial Officer of the Company, for a period of 5 {five} years commencing from the 1st April, 2005, to 31st March, 2010, on the following salary & perquisite (in short, referred to as remuneration), and other terms and conditions, as decided by the Board of Directors and its Remuneration Committee at their respective meetings held on the 30th March, 2005, be and are hereby approved :-

Remuneration payable to Shri Anil Kumar, with effect from 1st April, 2005

Salary & Perquisites

I Salary

Salary of Rs. 1,20,000/- (Rupees One lac twenty thousand only) per month in the grade of 1,20,000-8,500-3,32,500/-.



II Perquisites

In addition to the above, he shall be entitled to the following perquisites:-

PART "A"

- a) **Housing:-** House Rent Allowance @ Rs. 30,000 (Rupees thirty thousand only) per month or rent free accommodation with rent not exceeding Rs. 30,000/- p.m.
- b) **Medical Reimbursement:-** Payable as per the rules of the Company.
- c) **Leave Travel Assistance:-** Payable as per the rules of the Company.

PART "B"

- a) **Provident Fund:-** Company's contribution towards Provident Fund, as per rules of the Company, which are applicable from time to time, not being taxable under the Income Tax Act, 1961, which at present is 12% of the basic salary.
- b) **Gratuity:-** Gratuity in accordance with the rules of the Company but not exceeding one-half month's basic salary for each completed year of service.
- d) **Leave:-** Leave shall be allowed with full pay and allowances as per the rules of the Company.

RESOLVED FURTHER THAT Shri Anil Kumar shall not be entitled to any sitting fees or other payments for attending meetings of the Board, or where applicable, any committee/s thereof.

RESOLVED FURTHER THAT Shri Anil Kumar be permitted use of Company's car with driver for official business of the Company.

RESOLVED FURTHER THAT in the event of no profits or inadequacy of profits in any financial year, the remuneration payable to Shri Anil Kumar, shall be regulated in accordance with applicable parts/sections of the Schedule XIII and/or other applicable provisions of the Companies Act, 1956, as existing from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to vary and/or modify the remuneration of Shri Anil Kumar, in accordance with his salary grade, and other terms and conditions, from time to time, including grant of one or more additional increments, annually, based on his performance, after approval of his remuneration by the Remuneration Committee, provided that the remuneration does not exceed the ceiling/s laid down under the Schedule XIII and/or other applicable provisions of the Companies Act, 1956, as existing from time to time.

RESOLVED FURTHER THAT during the period Shri Anil Kumar remains Whole-Time Director and Chief Financial Officer, all other rules, regulations, etc. of the Company shall be applicable to him, unless otherwise decided by the Board of Directors."

10. Revision of remuneration payable to Shri H.K. Varma, Whole Time Director of the Company.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309 and 310 read with Schedule-XIII of the Companies Act, 1956, as amended from time to time, and other applicable provisions, if any, of the Companies Act, 1956, and provisions of Articles of Association of the Company, the salary and perquisite {in short, referred to as remuneration}, of Shri H.K. Varma, Whole Time Director, which has been increased w.e.f. 1.4.2005, pursuant to the approval by the Remuneration Committee at their Meeting held on the 30th March, 2005 and also by the Board of Directors at their meeting held on the 15th June, 2005, in terms of authorization conferred on them by the Members vide ordinary resolution passed at Annual General Meeting held on the 28.09.2004, be and is hereby approved:-

Increased remuneration of Shri H. K. Varma, Whole Time Director payable w. e. f. 1.04.2005.


Salary & Perquisites
I Salary

Salary of Rs. 1,20,000/- (Rupees One lac twenty thousand only) per month.

II Perquisites

{a} **Housing:-** House Rent Allowance @ Rs. 30,000 (Rupees thirty thousand only) per month.

{b} **Leave Travel Assistance:-** Payable as per the rules of the Company, which at present is 30 days basic salary, per annum.

III Other terms and conditions of his appointment and remuneration, as approved by the members at the last Annual General Meeting held on the 28th September, 2004, shall remain the same.

11. Payment of sitting fees to non executive directors for attending meeting/s of the Board/ Committees in compliance with new Clause - 49 of the Listing Agreement.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT as per the provisions of the new Clause - 49 of the Listing Agreement with the Stock Exchanges read with the Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956 under section 310 of the Companies Act, 1956, and other applicable provision/s, if any, of the said Act, the sitting fees payable to the non executive directors including independent directors of the Company, as given here-in-below, be and are hereby confirmed and approved:-

Sl. No.	Meeting/s	Sitting Fees per meeting, per member {Amount in Rs.}
01.	Board	10,000/-
02.	Audit Committee	10,000/-
03.	Directors Committee	4,000/-
04.	Shareholder/Investors Grievance Committee	4,000/-
05.	Remuneration Committee	4,000/-

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to revise the sitting fee/s payable to the non executive including independent directors of the Company for their attending the meeting/s of the Board or Committee/s thereof, from time to time, in accordance with the relevant provisions of the Companies Act, 1956 and/or Listing Agreement and/or Articles of Association of the Company.

12. Authorization to Board for creation of charge etc. in terms of Section 293(1){a} of the Companies Act, 1956

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT, in supersession of the ordinary resolution passed by the members on 25th September 2000, and pursuant to the provisions of section 293(1){a} of the Companies Act, 1956, as may be amended from time to time, and other applicable provisions, if any, of the Companies Act, 1956, and the Articles of Association, approval and consent of the Company be and is hereby accorded to the Board of Directors of the Company and the Articles of Association, to charge / mortgage / create security/encumber in respect of the whole or substantially the whole of the undertaking/s of the Company including all or any of its moveable or immoveable property(ies), both present and future, from time to time, on behalf of the Company, for securing



the loan(s) up to Rs. 300 crores availed / to be availed by the Company, in any form or manner or otherwise, in one or more tranches, from any bank/ financial institution/other lenders, on such terms and conditions, as may be decided by the Board of Directors, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company or its Committee/s to which the Board may delegate its powers, from time to time, be and are hereby authorized and empowered, on behalf of the Company, to do or cause to be done all such acts, deeds, things and matters, as may be necessary, and, also incidental thereto to give effect to this Resolution which include, to finalize, sign and/or execute any document(s)/ agreement(s), other deeds or writings, and affixing the common seal of the Company on such paper/s, as may be necessary, as per the provisions of the Articles of Association of the Company".

13. Increasing the borrowing powers of the Board in terms of Section 293(1)(d) of the Companies Act, 1956

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT, in supersession of the ordinary resolution passed by the members on 20th August 1996, and pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, as may be amended from time to time, and other applicable provisions, if any, of the Companies Act, 1956, and the Articles of Association, approval and consent of the Company be and is hereby accorded to the Board of Directors of the Company, to borrow money(s), from time to time, for and on behalf of the Company, from any bank/ financial institution/ lenders, in any form or manner or otherwise, in one or more tranches, whether unsecured or secured, on such terms and conditions as may be decided by the Board of Directors, notwithstanding that the moneys to be borrowed together with money(s) already borrowed by the Company {apart from the temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business} exceed the aggregate of paid up share capital and free reserves of the Company, {i.e. reserves not set apart for any specific purpose} provided that the total amount of the borrowings by the Board of Directors, at any time, shall not exceed the limit of Rs. 500 crores over and above the aggregate of paid up share capital and free reserves of the Company .

RESOLVED FURTHER THAT the Board of Directors of the Company or its Committee/s to which the Board may delegate its powers, from time to time, be and are hereby authorized and empowered, on behalf of the Company, to do or cause to be done all such acts, deeds, things and matters, as may be necessary, and, also incidental thereto to give effect to this Resolution which include, to finalize, sign and/or execute any document(s)/ agreement(s), other deeds or writings, and affixing the common seal of the Company on such paper/s, as may be necessary, as per the provisions of the Articles of Association of the Company".

Regd.Office:

115, Ansal Bhawan,
16, Kasturba Gandhi Marg,
New Delhi - 110 001

By Order of the Board
for **Ansal Properties & Infrastructure Ltd.**

(Amitav Ganguly)
Vice President & Co. Secretary

Dated : 27th July, 2005

NOTES :-

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxies in order to be effective must be received at the Registered Office of the Company not less than forty-eight hours before the Annual General Meeting.
- b) The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in regard to Special Business set out in item Nos. 7 to 13 are annexed herewith.
- c) The Register of Beneficial Owners, Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday, the 15th September, 2005 to Monday, the 26th September, 2005 (both days inclusive).



- d) i) Final Dividend, if declared, will be payable to those members whose names appear in the Register of Members/Beneficial Owners as will be provided by the Depository at the close of business hours on the 26th September, 2005.
- ii) No tax at source shall be deducted from the Final Dividend amount payable to the members. Tax will be paid by the Company at the flat rate of 12.5% and surcharge there on @ 2.5% on the total amount of dividend payable.
- iii) The Board as permitted by its Articles, has declared an Interim Dividend @ 7.5 % on the paid-up Equity Share capital of Rs. 11,66,65,500/- consisting of 1,16,66,550 Equity Shares of Rs. 10/- each (i.e. before the issuance of Bonus Equity Shares) at its meeting held on the 25th January, 2005 for the period from 1.4.2004 to 31.12.2004. The same was duly paid to the members, who were entitled to receive, in February, 2005, which involved an outflow of Rs. 99 lacs. As per the view given by the Department of Company Affairs on 18.7.1981 the payment of Interim Dividend needs to be regularized at the General Meeting of the Company.
- e) Members are already aware that the Company has appointed M/s. Intime Spectrum Registry Limited, A-31, Naraina Industrial Area, Phase-I, New Delhi-110028, as Share Transfer Agent (STA), both for electronic connectivity and Share Transfer work w.e.f. 30th January, 2003. Members can make correspondence with STA for Share Transfer requests, dividend and change of address related queries. To avoid misuse of Dividend Warrants, members are requested to send details of Bank / its address and Account number, for printing on Dividend Warrants. This should be sent to reach the Registered Office of the Company before the Annual General Meeting.
- f) Members having multiple accounts in identical names or joint accounts in the same order are requested to intimate the Company / STA, the ledger folio of such accounts to enable the Company to consolidate all such shareholdings into one account.
- g) Members are hereby informed that pursuant to Section 205A(5) of the Companies Act, 1956, (The Act) the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the unpaid Dividend Account, to the credit of Investors Education and Protection Fund established by the Central Government under sub section (1) of Section 205C of the Act. No claim shall lie against the Company or the Fund in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years and transferred to the Fund, as aforesaid.
- In accordance with above provisions, unclaimed / unpaid Dividend for the years ended 31st March, 1995, 31st March, 1996 & 31st March, 1997 have been transferred to Investor Education and Protection Fund. Dividend for the year ended 31st March, 1998, declared in the 31st Annual General Meeting of the Company held on 30th September, 1998, shall be transferred to the said Fund within 30 days of 16th November, 2005 as per aforesaid provisions.
- h) Pursuant to Section 205 A of the Companies Act, 1956 all unclaimed/unpaid dividends up to the dividend for the period ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Any claim for payment of such unpaid/unclaimed dividend should be made by an application in the prescribed form to the Registrar of Companies, NCT of Delhi & Haryana, New Delhi, at the address: Paryavaran Bhawan, IInd Floor, CGO Complex, Lodhi Road, New Delhi - 110003.
- i) Those members who have not so far encashed their Dividend Warrants for the Accounting Years ended 31st March, 1998, or any subsequent years may immediately approach the Company for revalidation of Unclaimed Dividend Warrants or for fresh warrant. Dividend for the year ended 31st March, 1998, shall be transferred to Investor Education and Protection Fund, very shortly, as stated in note (g) above.
- j) The Company is registered with the:-
- i) National Securities Depositories Ltd. (NSDL) at Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400013
- ii) Central Depository Services (India) Ltd. (CDSL), at Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai- 400001



for dematerialization of its Equity Shares and the Registration No. granted is ISIN INE-436A01018 in both the cases.

- k) As per the provisions of Section 109A of the Companies Act, 1956, facility for making nominations is available to the members, in respect of Equity shares, held by them. Requests for nomination facility should be made in the prescribed form (Form 2B) a copy of which can be obtained on request from the Registered Office of the Company.
- l) Members desiring any information/clarification on the Annual Accounts are requested to write to the Company at its Registered Office at least 15 days before the date of Annual General Meeting so that the same may be attended to, well in advance.

MEMBERS ARE REQUESTED TO BRING THEIR COPY OF ANNUAL REPORT AT THE MEETING. NO ADDITIONAL COPIES SHALL BE SUPPLIED AT THE VENUE.

EXPLANATORY STATEMENT AS REQUIRED U/S 173(2) OF THE COMPANIES ACT, 1956.

Item No. 7

Shri Sushil Ansal was appointed as Chairman & Whole Time Director of the Company for a period of Five years w.e.f. 01.04.1990 and was last re-appointed for a further period of 5 years w.e.f. 01.04.2000 at the Annual General Meeting of the Company held on the 25th October, 1999, and accordingly the tenure of his appointment has expired on the 31st March, 2005. Therefore, the Board of Directors of your Company on the 30th March, 2005 has re-appointed Shri Sushil Ansal, as Chairman & Whole Time Director for a further period of Five years w.e.f. 01.04.2005 at a salary, perquisites and commission (in short, remuneration), which have also been approved by the Remuneration Committee of the Board at its meeting held on the 30th March, 2005. Details of the remuneration payable to him w.e.f. 1st April, 2005 are set out in the item No.7 of the Notice

Shri Sushil Ansal, has more than 40 years experience in real estate development, industry & business and has promoted the "Ansal Group", a house hold name for decades. He also has the rare distinction of having been appointed as Chairman of Overseas Construction Council of India (OCCI). He has recently completed his term as President of PHD Chamber of Commerce & Industry. His role in the promotion, development and sustenance of expansion of the Company is all-encompassing and ubiquitous.

The aforesaid re-appointment and remuneration of Shri Sushil Ansal are in terms of provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Act, and, are subject to the approval of the members, and be regarded as an abstract of the terms and conditions of his appointment and remuneration and Memorandum of Interest of the Director under Section 302 of the Act.

The Articles of Association of the Company permits the above and can be inspected by the members of the Company at its Registered Office on any working day during business hours, and, at the Annual General Meeting.

Your Directors recommend to pass the proposed Resolution given in item no. 7 as an Ordinary Resolution.

None of the Directors except Shri Sushil Ansal is interested in the proposed Resolution. However, Shri Gopal Ansal and Shri Rahul C. Kirloskar, Directors, being related to him may also be deemed interested in this Resolution.

Item Nos. 8 & 9.

Shri Anil Kumar, a professional in Finance and Accounts, has attained numerous professional degrees like DCL from Indian Law Institute (in 1982), Chartered Accountancy from The Institute of Chartered Accountants of India (in 1983), Company Secretary ship from The Institute of Company Secretaries of India (in 1984), and, LL.B. (in 2004). He started his career in 1982 from M/s G.S.Mathur & Company, a Chartered Accountant Firm. He, thereafter, joined Khanna and Annadhanam, a Chartered Accountant firm in 1983. In 1984, he joined Superior Air Products Limited as Trainee and took charge as Vice President -Finance and Secretary in 1990. He joined the Company in 1999 as Vice President – Finance and has been appointed as an Additional Director w.e.f. 01.04.2005 by the Board of Directors at their meeting held on the 30th March, 2005. In accordance with Section 260 of the Companies Act, 1956 (The Act) read with Article 105 of the Articles of Association of the Company, he holds the office up to the date of this Annual General Meeting. A Notice has been received from a member of the Company together with a deposit of Rs.



500/- as prescribed under Section 257 of the Act, signifying his intention to propose Shri Anil Kumar as a candidate for the office of Director of the Company.

Simultaneously, Shri Anil Kumar has also been appointed as a Whole Time Director & Chief Financial Officer of the Company by the Board of Directors, with effect from the said date, i.e. w.e.f. 01.04.2005 at a salary and other perquisites (in short, remuneration), which have also been approved by the Remuneration Committee of the Board. His appointment and remuneration are in terms of the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Act. Details of the remuneration payable to him w.e.f. 1st April, 2005 are set out in item no. 9 of the Notice.

The aforesaid appointment and remuneration of Shri Anil Kumar which are subject to the approval of the members, in terms of the decisions of the Board and its Remuneration Committee and the provisions of the Companies Act, 1956, be regarded as an abstract of the terms and conditions of his appointment and remuneration and Memorandum of Interest of the Director under Section 302 of the Act.

The Articles of Association of the Company permits the above and can be inspected by the members of the Company at its Registered Office on any working day during business hours, and, at the Annual General Meeting.

Your Directors recommend to pass the proposed Resolutions given in items no. 8 & 9 as Ordinary Resolutions.

None of the Directors except Shri Anil Kumar is interested in the proposed Resolutions.

Item No. 10

Shri H. K. Varma, was appointed as Whole Time Director of the Company by the Board of Directors w.e.f. 21.11.2003 for a period of two years, and his appointment and remuneration including an increase thereof were also approved by the members vide ordinary resolution passed at the Annual General Meeting of the Company held on the 28th September, 2004. Through one of the said resolutions authority has been granted to the Board of Directors, to vary and/or modify his remuneration within the limits laid down in the Schedule XIII of the Companies Act, 1956, during his tenure of two years, after getting approval from the Remuneration Committee.

Pursuant to the said authorization, the Board of your Company at its meeting held on the 15th June, 2005 has increased the remuneration of Shri H.K. Varma by way of annual increment, payable w.e.f. 01.04.2005, which has also been approved by the Remuneration Committee in its meeting held on the 30th March 2005. Details of the increased remuneration payable to him w.e.f. 1st April, 2005 are set out in item no.10 of the Notice.

The increased remuneration of Shri H.K. Varma, which is subject to the approval of the members, in terms of the decision of the Board and the provisions of the Companies Act, 1956, be regarded as an abstract of the variations of his remuneration, and Memorandum of Interest of the Director under Section 302 of the Companies Act, 1956.

The Articles of Association of the Company permits the above and can be inspected by the members of the Company at its Registered Office on any working day during business hours, and, at the Annual General Meeting. Your Directors recommend to pass the proposed Resolution given in item no. 10 as an Ordinary Resolution.

None of the Directors except Shri H.K. Varma is interested in the proposed Resolution.

Item No. 11

As per the provisions of the new Clause 49 of the Listing Agreement with the Stock Exchanges, which is to be implemented latest by 31.12.2005, any fee {including sitting fee for attending the meetings of the Board or Committee/s thereof} / compensation payable to non executive directors including independent directors shall be fixed by the Board of Directors, and it shall also require the previous approval of the members of the Company, in a general meeting.

Presently the sitting fees, as detailed in the item no. 11 of the Notice, payable to the non-executive including independent Directors of the Company, for attending each meeting/s of the Board/ Committees thereof, has been approved by the Board at its meeting held on the 24th October, 2003 which was in partial modification of the sitting fee decided by the Board on the 29th July, 2000. The said fees are within the ceiling in terms of Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956 under section 310 of the Companies Act, 1956, and, the aforesaid decisions of the Board of Directors were in terms of Article 107 of the Articles of Association