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AUTOMOBILE CORPORATION OF GOA LIMITED

25th Annual Report 2005



AUTOMOBILE CORPORATION OF GOA LIMITED

BOARD OF DIRECTORS

| | |
|-----------------|--|
| S. V. Salgaocar | Chairman |
| D. N. Naik | |
| P. F. X. D'Lima | |
| P. M. Telang | |
| R. S. Thakur | |
| S. M. Kuvelker | |
| N. R. Menon | Managing Director |
| Ananth Prabhu | Executive Director (Commercial) & Secretary |

AUDITORS

C. C. Chokshi & Co.

BANKERS

State Bank of India

HDFC Bank Ltd.

REGISTERED OFFICE

Honda, Sattari,
Goa 403 530

SHARE REGISTRARS

Tata Share Registry Limited
Army and Navy Building,
148, Mahatma Gandhi Road,
Fort,
Mumbai - 400 001.

25th ANNUAL GENERAL MEETING
28th July, 2005.
4.30 P.M.
Honda, Sattari, Goa 403 530.



NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Members of AUTOMOBILE CORPORATION OF GOA LTD., will be held on Thursday, the 28th July, 2005 at 4.30 p.m. at the Registered Office of the Company at Honda, Sattari, Goa to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Directors' Report and the audited Profit & Loss Account for the year ended 31st March, 2005 and the Balance Sheet as at that date.
2. To declare a Dividend for the year ended 31st March, 2005.
3. To appoint a Director in place of Mr. D N Naik, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. R S Thakur, who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and fix their remuneration.

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

The Proxy forms should be lodged with the Company at its registered office at least 48 hours before the time of the meeting.

- (b) Register of Members and Transfer Books of the Company shall remain closed from the 14th July to 27th July, 2005 (both days inclusive).

- (c) Members holding Share certificates under different folio numbers but in the same order of name are requested to apply for consolidation of such folios and send relevant Share certificates to the Registrars and Transfer Agents of the Company.

- (d) As required under the Section 205C of the Companies Act, 1956, the unpaid dividend for the year ended 31st March, 1997 has been transferred to the Investor Education and Protection Fund (IEPF) set up by the Central Govt.

Those members who have not encashed their dividend warrants for the year ended 31st March, 1998 may claim or approach the Company's Registrars and Transfer Agents as the balance will be transferred to the IEPF on or before 14th November, 2005.

It may please be noted that no claims will lie against the Company or the IEPF in respect of the unclaimed dividend transferred to the Fund.

By order of the Board of Directors

(ANANTH PRABHU)

Executive Director (Commercial) & Secretary

Dated: 20th June, 2005.

Registered Office:
Honda, Sattari,
Goa - 403 530.

Information on Directors retiring by rotation seeking re-appointment at this Annual General Meeting

| Name | Mr. D N Naik | Mr. R S Thakur |
|--|--|--|
| Date of Birth & Age | April 15 th , 1934 71 Years | September 6 th , 1948 56 Years |
| Appointed on | 25 th September, 2002 | 25 th September, 2002 |
| Qualification | M. Com. L.L.B. | M.E., Diploma in Business Management, Graduate - Institute of Chartered Management Accountants (London) |
| Expertise in Specific functional areas | Mr. D N Naik is Managing Partner of M/s. Narcinva Damodar Naik - Main Dealers in Goa for Tata Motors Commercial Vehicles. He is also Chairman and founder of Manovikas Trust (Educational Public Charitable Trust); President, Seva Samiti (Charitable Educational Society); Pioneer in women's education; President Managing Committee Shree Laxminarcinva Devasthan; Founder Chairman Chinmaya Mission Margao Center and Chairman Matruchaya Trust (Orphanage) | Mr. R S Thakur has been with Tata Motors for the past 33 years and has shouldered responsibilities in the area of manufacturing, engineering, Corporate Finance and Works Accounts. Mr. Thakur also has expertise in Project/Process Planning and Execution. Mr. Thakur is currently Vice President (Corporate Finance) - Tata Motors Ltd., at the Corporate Office, Mumbai. |
| Directorships held in other public companies (excluding Foreign and private companies) | Titan Time Products Ltd. | Concorde Motors Ltd. Concorde Motors (India) Ltd |
| Memberships/ Chairpersonships of Committees across public companies | Nil | Concorde Motors Ltd. Concorde Motors (India) Ltd. |

AUTOMOBILE CORPORATION OF GOA LIMITED

DIRECTORS' REPORT

To the members of Automobile Corporation of Goa Ltd.
Your Directors present their 25th Annual Report and the audited statement of accounts for the year ended 31st March 2005.

Financial Results

| | Rs. In Lakhs | |
|---|--------------|-----------|
| | 2004/05 | 2003/04 |
| Net Sales | 15,662.04 | 11,268.34 |
| Total Expenditure | 13,930.95 | 10,170.44 |
| Operating profit | 1,731.09 | 1,097.90 |
| Other Income | 200.87 | 233.95 |
| Earnings before Interest, Tax, Depreciation and Amortisation | 1,931.95 | 1,331.85 |
| Interest | 49.50 | 165.13 |
| Cash Profit | 1,882.45 | 1,166.72 |
| Provision for Depreciation & Amortisation | 175.07 | 205.66 |
| Profit before Tax | 1,707.38 | 961.06 |
| Provision for Tax (net) | 267.34 | 49.00 |
| Balance in Profit & Loss A/c brought forward from the previous year | (172.98) | (892.06) |
| Profit available for appropriation | 1,267.07 | — |
| Appropriations: | | |
| Preference Dividend | 105.56 | 171.06 |
| Equity Dividend | 395.18 | — |
| Corporate Dividend tax | 70.23 | 21.92 |
| Transfer to General reserve | 144.10 | — |
| Balance carried to Balance Sheet | 552.00 | (172.98) |

Dividend

The Directors propose payment of Rs. 6/- per share as dividend and an additional Rs. 2/- as special dividend on the equity shares on the occasion of silver jubilee year of incorporation of the Company (totaling Rs. 8/- per share as dividend for the year)

Operations

The year under review was another milestone in the history of the Company as both the business segments worked at peak capacities and were thus able to take maximum advantage of favourable market conditions. The operational performance consistently showed improvements in all parameters setting new standards in productivity and capacity utilisation. The resultant financial performance has not only enabled the Company to wipe out accumulated losses but also recommend a handsome dividend for your consideration. The Directors feel highly gratified that in this silver jubilee year of incorporation of

the Company, the excellent performance has enabled the Company to reward the shareholders with a special dividend of 20% in addition to the 60% dividend recommended for the year.

Sheet Metal Division

Over the past five years, the Sheet Metal Division has taken a series of steps such as refurbishing plant and equipment, installation of higher quality systems and, most importantly, vigorous steps at involving and training the human resource, which has resulted in a vastly superior operational performance as compared to the previous few years. Notwithstanding the steep logistics cost and stiff competition from units located close to the customers, the division has demonstrated its ability to overcome the many hurdles and prove that it is resilient enough to weather the setbacks suffered in the recent past.

Volumes grew by 35% over the previous year. The Division worked at near total capacity utilisation (on two shifts) for most of the year. Efforts at cost reduction pursued vigorously yielded ample benefits. The surge in scrap steel prices also aided in improved realization.

The implementation of Value Added Tax with effect from 1st April 2005, which denies credit of VAT in the course of interstate trade, reportedly for two years, has affected the pressings business from the Main Plant of Sheet Metal Division at Goa. The industrial inputs for the pressings and assemblies, being unavailable in Goa have to be procured from around the country and the entire sales are also in the course of interstate trade. Fortunately, sales from the Jejuri Pressing unit being mostly in the nature of 'local' sales and from the exempted unit at Goa provide some relief and efforts are being made to restructure the manufacturing operations to cushion the impact to the maximum extent possible.

Bus Body Division

The Bus Body Division sold 1651 buses during the year under review as against 1293 buses during the previous year. There was a clear shift in the product mix in favour of high-end buses and demand from International Business division of Tata Motors outstripped capacity towards the end of the year. The division also turned out a string of new models of buses for the Fully Built Vehicles division of TML for its foray into the domestic bus market.

The cost erosion exercise was pursued aggressively resulting in savings of Rs. 205 Lakhs and royalties from units to which technology has been provided earned Rs.88 Lakhs for the year.

Considering the ambitious plans of TML to substantially increase its volumes in the Fully Built Vehicles segment, steps are being taken to scale up capacities to 8 buses a day during the current year. The Company will also seek to upgrade technologies during the current year.



HRD and Industrial Relations

Steps at enhancing the value of Human Resource were implemented vigorously throughout the year. The close co-ordination between operating and supervisory/managerial staff manifested in the enthusiasm of all to contribute in quality/ productivity improvement, product development, cost erosion and plant up-gradation. The HR initiatives such as the launching of a monthly in-house magazine, suggestion box and grievance box schemes and small teams for focused action-plans have ensured the involvement of all employees in the day-to-day operations.

Corporate Governance

The report on Corporate Governance and the certificate of the Company's auditors confirming compliance of conditions as stipulated in clause 49 of the Listing Agreement is annexed to this report.

Directors

Mr. D N Naik and Mr. R S Thakur retire by rotation and being eligible, offer themselves for re-appointment.

Particulars of employees

Information required under Section 217 (2A) of the Companies Act 1956, is annexed to this report.

Energy conservation, Technology absorption and Foreign Exchange earnings/outgoings

Information required under Section 217 (2) (e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 and forming part of the Directors' Report is annexed.

Directors' Responsibility Statement

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statements for the period under review. Pursuant to Section 217 (2AA) of the Companies Act 1956 and in respect of the annual accounts for the year under review,

based on the representations received from the operating management, the Directors confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that 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 period;
- iii. they have taken proper and sufficient care, to the best of their knowledge and ability, 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;
- iv. they have prepared the annual accounts on a going concern basis.

Acknowledgements

The Directors wish to place on record their sincere appreciation to all employees for their efforts in raising the standards of performance at all the manufacturing units. Thanks are also due to all ancillaries, vendors, bankers and other stakeholders for their support to the Company. The Directors also wish to thank EDC and Tata Motors Ltd., in addition to all the shareholders for their continued patronage.

On behalf of the Board of Directors

(S V Salgaocar)
Chairman

Panaji, Goa.
Dated 20th June, 2005.

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended

| Name | Age (yrs) | Designation/ Nature of duties | Gross Remuneration received (subject to tax) (Rs.) | Qualification | Total Experience (yrs) | Date of commencement of employment | Last employment held, Designation, Period for which post held |
|---------------|-----------|------------------------------------|--|---------------|------------------------|------------------------------------|---|
| Mr. J J Singh | 59 | Managing Director (Upto 31.7.2004) | 19,68,112/- | B. E. (Mech) | 35 | 01.08.2001 | Tata Motors Ltd., Pune. Dy. General Manager (Auto Production) 30 years. |

Notes:

1. Gross remuneration includes salary, commission, taxable value of perquisites and Company's contribution to Provident and Superannuation funds.
2. The nature of employment is contractual.

On behalf of the Board of Directors

Place : Panaji, Goa.
Dated : 20th June, 2005

(S V Salgaocar)
Chairman

AUTOMOBILE CORPORATION OF GOA LIMITED**ANNEXURE TO DIRECOTRS' REPORT**

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

A. Conservation of Energy

The measures at conservation of energy implemented during the year under review included close monitoring of consumption of LDO, compressors, motors, boilers, welding machines and other electrical devices, which has resulted in savings of Rs. 14.20 lakhs at both the manufacturing divisions.

B. Absorption of Technology, Research and Development (R & D)**1. Specific areas in which R & D carried out by the Company**

Design and development of new models of buses, fitments and processes.

2. Benefits Derived from R & D

Widening of product portfolio and resultant expansion of market.

3. Future plan of action

Modular designs to compress cycle times, use of new materials, design and development of new models and tie-ups for technology upgradation.

4. Expenditure on Research and Development

| | |
|--|------------------|
| a) Capital | Rs. 7,45,195.00 |
| b) Recurring | Rs. 26,48,930.80 |
| c) Total | Rs. 33,94,125.80 |
| d) Total R & D expenditure as a percentage of total turnover | 0.21% |

Technology Absorption, Adaptation and Innovation

a) Technology imported: Technology for building Monocoque Buses as per Technical Collaboration Agreement with Fuji Heavy Industries Ltd., Japan.

b) Year of import: 1997-1998

c) Has technology been fully absorbed: Yes.

C. Foreign Exchange earnings and outgo

The Company earned Rs. 704,286,109/- by export of Buses through a merchant exporter. The particulars of foreign exchange earned/utilized during the year are given in Schedule 15 to the Accounts.

On behalf of the Board of Directors

(S V Salgaocar)
Chairman

Panaji, Goa.
Dated 20th June, 2005.



MANAGEMENT DISCUSSION & ANALYSIS

1. Industry structure, development and outlook

The company is engaged in the manufacture of bus coaches and pressed sheet metal components, sub-assemblies and assemblies for automobiles.

The Indian economy continued its robust growth pattern in 2004/05 with the GDP growth estimated to be 6.9%. The double-digit growth in the Industrial Sector and more particularly the infrastructure growth, which is a key element in the growth of automobile sector, registering a strong growth of 5.4% has enabled the automobile sector to grow at over 16%. The Commercial vehicles segment has grown by over 20%.

i) Sheet Metal Components

The strong demand throughout the year helped the sheet metal component industry to reap benefits of economies of scale in spite of escalating input prices, particularly of steel. The volumes in the Sheet Metal Division have jumped by over 35% during the last two years. Increasing competition however requires climbing up the value chain through sub-assemblies and assemblies to retain margins.

The restructuring of the components business over the last four years has resulted in improvements in quality and productivity and steps are being taken to further improve operational efficiencies by implementation of TS 16949 in 2005/06.

ii) Bus Bodies

With the emphasis placed by the Government in building highways and other road improvement projects, there is discernible excitement in the Bus Body building industry. The completion of the Golden Quadrilateral expected in December 2005 has instilled tremendous confidence in both the domestic and overseas investors in the future of Indian automobile industry. Though the data on the body-building industry as a whole is sketchy, it is apparent that there is a greater visibility of newer and improved buses on the Indian roads.

The Bus Body Building Division has grown by a CAGR of around 25% in volumes over the last 2 years and is expected to maintain this growth rate in the current year.

As expected, the Commercial Vehicle manufacturers, who were kept away from body building activity through regulatory mechanisms earlier, have recognized the great potential for revenue growth through the sale of fully built vehicles in line with international practices. This is good news from the perspective of the commuters as the commercial vehicle manufacturers have the means to access and introduce advanced technologies and processes.

The Company has a clear lead in this respect, having introduced bus bodies with advanced technology incorporating safety and comfort norms nearly 15 years ago. As reported earlier, the Company has provided technical assistance to a few units thus helping in up gradation of bus body building industry in the country.

2. Opportunities and threats

The country has been witnessing one of the fastest economic growths over the past decade. With its vast resources and trained manpower, the country's GDP is expected to maintain a high growth momentum during the first half of this century. The contribution of automobile industry in the total industrial output is estimated to be around 5% in the country as compared to around 15% in the developed economies. Moreover, the commercial vehicles constitute just around 13% of the total vehicle population in the country as against 40% in Russia and 50% in China. This points out to huge opportunities for the growth of the commercial vehicle sector in the country. In addition to the large local market, the pent up demand in sub-continental Asia and Africa and the former Eastern Europe provides huge opportunities for growth in the coming decade.

As the industrial economy matures and passes through the evolution of improved products at larger volumes and lower prices,

the containment of costs will continue to be the focus area of all manufacturers. The ever-increasing prices of basic industrial inputs such as Steel, Aluminum and fuel pose a serious threat to industrial growth.

3. Risks and concerns

The introduction of VAT by a majority of the states without the benefit of VAT credit on interstate purchases, ostensibly for the first two years after which CST is promised to be phased out, has put smaller states such as ours at a great disadvantage as neither the industrial inputs nor the market for output are available within the state. As intermediate products such as sheet metal components are very price sensitive, denial of VAT credit will put interstate sale vendors at a considerable disadvantage.

The automobile market has been in expansion mode for the last three years and as per past trend, a down turn may be expected within the next two years.

In addition to steel prices mentioned above, the ever increasing prices of petroleum products resulting in steeper logistics costs pose a risk to businesses located far away from industrial belts, in some cases eroding the margins significantly. Particularly the Sheet Metal components business will have to evolve novel ways to reduce costs and improve product quality and delivery to remain competitive.

4. Internal Control Systems

The Internal Control Systems were further improved during the year by appropriate investments in Computer hardware and software. In view of the significant potential for wastage reduction in manufacturing operations, various focused initiatives particularly in material utilisation and process improvement were launched in the shops, which have yielded long term benefits.

5. Financial and operational performance

As may be seen from the tabulation, the operations in the year under review have improved substantially in all key areas:

| | 2004/05 | 2003/04 | % Change |
|---------------------------------|----------|----------|----------|
| Turnover (Rs. in lakhs) | 15862.90 | 11502.30 | 38% |
| No. of buses sold | 1651 | 1293 | 28% |
| PBIDTA (Rs. in lakhs) | 1731.09 | 1097.90 | 58% |
| Operating margin | 11.05% | 9.74% | 131 bps |
| Other Income | 200.87 | 233.95 | - |
| Interest (Rs. in lakhs) | 49.50 | 165.13 | (-) 70% |
| PBT (Rs. in lakhs) | 1707.38 | 961.06 | 78% |
| Profit after tax (Rs. in lakhs) | 1440.68 | 912.05 | 58% |
| Basic EPS | 26.72 | 16.59 | 61% |

6. Material developments in Human Resources and Industrial Relations

Various HR initiatives were taken up during the year such as the launching of monthly in-house magazine 'ACGL Sandesh', introduction of Suggestion Box and rewards for valuable suggestions, Grievance Box for understanding and faster grievance redressal. In furtherance of safe manufacturing practices, Personal Protective Equipment has been provided to all employees within the plants. The increasing volumes demand further improvements in HR initiatives, particularly in development and training and plans have been drawn to address these issues.

The industrial relations continued to be cordial during the year.

Cautionary Statement

Statements in this Management Discussion and Analysis that describe the Company's objectives, expectations and predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, demand and pricing by the Company's major customers, changes in the Government regulations, tax regimes, economic development and other incidental factors.

AUTOMOBILE CORPORATION OF GOA LIMITED**CORPORATE GOVERNANCE REPORT****COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company was promoted in the joint sector and has since inception, followed a philosophy of professional management with strict adherence to the letter and spirit of rules and regulations applicable to corporate entities. The Company has institutionalized transparency, accountability and integrity in its functioning.

BOARD OF DIRECTORS

During the year under review, 6 Board meetings were held on 12.04.2004, 27.04.2004, 30.07.2004, 11.09.2004, 25.10.2004 and 25.01.2005.

The composition of the Board, attendance at Board meetings held during the year and at the last Annual General Meeting, number of Directorship in public companies are given below: -

| Name of the Director | Category | Attendance during the financial year 2004-05 | | No. of Directorships (Including the Company) |
|--|------------------------------------|--|-----|---|
| | | Board Meeting | AGM | |
| Mr. S V Salgaocar | Non-Executive Independent Chairman | 5 | Yes | 2 |
| Mr. D N Naik | Non-Executive Independent Director | 5 | Yes | 2 |
| Mr. P F X D'Lima | Non-Executive Independent Director | 4 | No | 1 |
| Mr. P M Telang | Non-Executive Promoter Director | 3 | Yes | 4 |
| Mr. R S Thakur | Non-Executive Promoter Director | 5 | No | 3 |
| Mr. S M Kuvelker | Non-Executive Independent Director | 6 | Yes | 8 |
| Mr. N R Menon (Appointed w.e.f. 01.08.2004) | Executive Director | 4 | Yes | 1 |
| Mr. Ananth Prabhu | Executive Director | 6 | Yes | 1 |

Mr. R S Thakur is on the Audit committees in Concorde Motors Ltd & Concorde Motors (India) Ltd

Mr. S M Kuvelker is Chairman of the Audit committees in Garware Wall Ropes Limited & Garware Elastomerics Limited.

None of the other Directors were members of any Board committees of any other companies during the year under review.

AUDIT COMMITTEE

The Audit Committee comprises of four independent Directors and one promoter Director all of whom have relevant finance and audit exposure.

Mr. Ananth Prabhu, Executive Director (Commercial) & Secretary acts as the Secretary of the Committee.

Four Audit Committee meetings were held on 27.04.2004, 30.07.2004, 25.10.2004 and 25.01.2005 during the year under review.

The composition of the Audit Committee and attendance at its meetings is given hereunder: -

| Composition of Audit Committee | Mr. S V Salgaocar (Chairman) Non-Executive Independent Director | Mr. D N Naik Non-Executive Independent Director | Mr. R S Thakur Non-Executive Promoter Director | Mr. P F X D'Lima Non-Executive Independent Director | Mr. S M Kuvelker Non-Executive Independent Director |
|--------------------------------|---|--|---|--|--|
| Number of meetings attended | 3 | 3 | 4 | 3 | 4 |

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company

Powers of the Audit Committee: -

- To investigate any activity within its terms of reference.
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Audit Committee: -

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external Auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with Management the periodic financial statements before submission to the Board, focusing primarily on;



- Any changes in accounting policies and practices
- Major accounting entries based on exercise of judgment by Management
- Qualifications in draft audit report
- Significant adjustments arising out of audit
- The going concern assumptions
- Compliance of accounting standards
- Compliance with Stock Exchange and legal requirements concerning financial statements
- Any related party transactions
- Reviewing with the Management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with the internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors if any.

MANAGERIAL REMUNERATION

A. Remuneration Committee

The terms of reference of the Remuneration Committee are consideration of matters relating to the Company's policies on remuneration to the Whole time Directors.

Three Remuneration Committee meetings were held on 27.04.2004, 25.10.2004 and 25.01.2005 during the year under review. The composition of the Remuneration Committee and attendance at its meetings is given hereunder: -

| Composition of Remuneration Committee | Mr. S V Salgaocar (Chairman) Non-Executive Independent Director | Mr. D N Naik Non-Executive Independent Director | Mr. P M Telang Non-Executive Promoter Director | Mr. P F X D'Lima Non-Executive Independent Director |
|---------------------------------------|---|--|---|--|
| Number of meetings attended | 3 | 2 | 1 | 2 |

B. Remuneration Policy

The remuneration of whole-time directors is decided by the Remuneration Committee based on criteria such as the Company's performance and the performance/track record of the whole-time directors. The Company pays remuneration by way of salary, perquisites & allowances, commission and incentive remuneration to its whole time directors. The Annual increments are decided by the remuneration Committee within the salary scales approved by the members.

Sitting fee of Rs. 4000/- per meeting of the Board and Rs. 2000/- per Committee meeting is paid for attendance to non-Executive Directors.

C. Remuneration to Directors:

Non-Executive Directors

(Rupees)

| | Commission for 2004-05 | Sitting fees for 2004-05 |
|-------------------|------------------------|--------------------------|
| Mr. S V Salgaocar | - | 32,000 |
| Mr. D N Naik | - | 36,000 |
| Mr. P F X D'Lima | - | 26,000 |
| Mr. P M Telang | - | 14,000 |
| Mr. R S Thakur | - | 28,000 |
| Mr. S M Kuvelker | - | 32,000 |

Executive Directors

(Rupees)

| | Salary | Perquisites & Allowances | Commission | Incentive* Remuneration |
|---|----------|--------------------------|------------|----------------------------|
| Mr. N R Menon Managing Director (w.e.f. 1 st August, 2004) | 6,52,803 | 4,47,131 | Nil | - |
| Mr. J J Singh (Managing Director - up to 31 st July, 2004) | 3,96,664 | 6,47,188 | Nil | 9,24,260 |
| Mr. Ananth Prabhu Executive Director | 6,65,136 | 10,51,475 | Nil | 3,01,000 |

* For the previous year