

# BATLIBOI LTD.

**Annual Report 2001-2002**



Report  Junction.com

**BOARD OF DIRECTORS**

Mr. Pratap Bhogilal - Executive Chairman  
 Mr. Nirmal Bhogilal - Managing Director  
 Dr. K. K. Anand  
 Dr. S. M. Patil  
 Mr. Vijay R. Kirloskar  
 Mr. S. D. S. Mongia  
 Mr. A. N. Sharma - Nominee of UTI  
 Mr. C. Balaraman  
 Mr. J. P. Malik - Executive Director  
 Mr. G. Verghese - Executive Director

**CORPORATE MANAGEMENT**

Mr. Pratap Bhogilal	Executive Chairman	
Mr. Nirmal Bhogilal	Managing Director	
Mr. C. Balaraman	C. E. O.	Environmental Engineering Group
Mr. Jagdish P. Malik	C. E. O.	Machine Tool Group
Mr. George Verghese	C. E. O.	Textile Engineering Group & Air Conditioning and Refrigeration Group
Mr. K. L. Swami	Group C. F. O.	
Mr. B. B. Vanwari	Vice President (Legal) & Company Secretary	
Mr. C. K. Singh	G. M. (HRD/OD)	

**REGISTERED & CORPORATE OFFICE**

Bharat House, 5th Floor, 104, Mumbai Samachar Marg,  
 Fort, Mumbai - 400 001. INDIA.

**FACTORY**

P. O. Fateh Nagar, Surat Navsari Road, Udhna - 394 220

**AUDITORS**

M/s. V. Sankar Aiyar & Co.  
 Chartered Accountants

**REGISTRAR & SHARE  
TRANSFER AGENTS**

Datamatics Financial Software & Services Ltd. Plot No. A/16 & 17,  
 MIDC, Part-B, Cross Lane, Marol, Andheri (E), Mumbai - 400 093.

**BANKERS**

Bank of Baroda  
 Corporation Bank  
 Dena Bank  
 Punjab National Bank  
 Syndicate Bank  
 Union Bank of India

**NOTICE****58th ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Fifty Eighth Annual General Meeting of BATLIBOI LTD., will be held at **M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubash Marg, Mumbai 400001** on **Wednesday the 14th August 2002** at **11.00 a.m.** to transact the following business :

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Report of Directors, the Audited Profit and Loss Account for the year ended March 31, 2002, the Balance Sheet as at that date and the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. S. D. S Mongia, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. J P Malik, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. George Verghese, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and if thought fit, to pass with or without any modification, the following as an ORDINARY RESOLUTION :

"RESOLVED THAT Messrs. V. Sankar Aiyar & Co. Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, on a remuneration as may be mutually agreed between the said auditors and the Board of Directors.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised in consultations with the Company's Auditors to appoint Auditors for Branches and Udhna Factory on such terms and conditions including remunerations as the Board of Directors may deem fit".

By Order of the Board of Directors

**B. B. VANWARI**  
Vice President (Legal)  
& Company Secretary

Mumbai  
Dated : 27th June 2002

Registered Office  
Bharat House, 5th Floor,  
104 Bombay Samachar Marg,  
Fort,  
Mumbai 400001.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and the Transfer Books of the Company will remain closed from **Wednesday the 7th August 2002 to Wednesday the 21st August 2002** both days inclusive.
4. **Reappointment of Directors:**

At the ensuing Annual General Meeting, Mr. S. D. S Mongia, Mr. J. P. Malik and Mr. George Verghese retire by rotation and being eligible, offer themselves for reappointment. Pursuant to Clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of the aforesaid Directors are given below:

**Profile of Directors retiring by rotation:**

- a) Mr. S. D. S Mongia, aged 70, joined the Board of Directors of the Company on 27<sup>th</sup> June, 1989 as Non- executive Director and possesses wide and varied experience in the field of Automobile Engineering and Corporate Management.

The other Directorship of Mr. S D S Mongia :

*Name of the Company*

Smans Investments (P.) Ltd.

Jay Bharat Maruti Udyog Ltd.

- b) Mr. J. P. Malik, aged 59, joined the Board of Directors of the Company on 20th December 1999 as Executive Director before being CEO (BMTG) of the Company. He has varied experience of about 32 years in the field of Machine Tool Business. Before joining Batliboi Mr. J. P. Malik was Director (MT) - HMT Ltd.

The other Directorship of Mr. J P Malik - Nil

- c) Mr. George Verghese aged 52, has been associated with Batliboi since July 1974 in various capacities; before joining the Board of Directors of the Company on 20th December 1999 as Executive Director he was CEO (BTEG) of the Company. He has varied experience of about 30 years in the field of Textile Machinery, Textile Air Engg. & Air-conditioning & Refrigeration Divisions.

The other Directorship of Mr. George Verghese:

*Name of the Company*

Batliboi International Ltd.

**Batliboi Ltd.****DIRECTORS' REPORT**

The Members,

Your Directors submit their 58<sup>th</sup> Annual Report together with the Audited Accounts for the 12 months period ended 31<sup>st</sup> March 2002.

**1. FINANCIAL RESULTS**

	12 Months period ended 31.03.2002 (Rs. in lakhs)	18 Months period ended 31.03.2001 (Rs. in lakhs)
Turnover (including indirect sales)	13395.38	21769.48
Sales income	5151.71	11352.61
Other income	706.89	1971.65
Operating Profits	(23.90)	(537.67)
Add: Amount withdrawn from revaluation reserve	15.26	73.52
	(8.64)	(464.15)
Less: Interest	467.92	1143.79
Depreciation	218.42	413.70
Deferred revenue Expenditure	69.40	69.49
Profit / (Loss) before tax	(764.38)	(2091.13)
Profit / (Loss) after tax	(764.38)	(2091.13)
Add / (Less)		
Balance as per last Balance Sheet	—	(564.79)
Available Surplus (Deficit)	(764.38)	(2655.92)
Balance adjusted against revaluation Reserve	—	2655.92
Balance to be carried forward	(764.38)	Nil

**2. PERFORMANCE**

The year under review was a difficult one for the Indian Industry in general and for the Engineering and Capital Goods Industry in particular. The Capital Goods Industry continued to register negative growth for the 4th consecutive year. The total sales of your Company including indirect sales was Rs.13395.38 lacs as against Rs.21769.48 lacs for the previous period of 18 months. The total income stood at Rs.5858.60 lacs as against Rs. 13324.26 lacs for the previous period. With the emphasis on cost reduction and the results due to the ongoing restructuring programme, the loss of the year was at a reduced level of 764.38 lacs as against a loss of 2091.13 lacs for the previous period.

**3. DIVIDEND**

Your Directors regret their inability to recommend dividend in view of the loss.

**4. RESTRUCTURING**

- The Company has completed the First Phase of the restructuring of the Company at Operational as well as Financial level. The several measures of cost reduction, improvement of productivity etc. implemented by the Company have started showing results and its further impact will be felt in the coming years.
- Your Company had engaged the services of Management Consultants M/s. Cedar Enterprise Solution Pvt. Ltd., to undertake the Second Phase of Cost Reduction Programme. This programme focussed on cost reduction on the Machine Tool Group's Marketing and Administrative functions and the Company's Corporate Services. The said Consultants have conveyed their recommendation which are already under implementation. These recommendations are expected to yield direct cost savings of Rs.102 lacs approx. p.a. (besides notional savings of Rs.118 lacs approx. p.a.).

**5. DEBENTURES**

As reported in the last year's Directors' Report, your Company has settled the Debentures Outstanding amounts under one-time settlement reached with UTI, General Insurance Co., New India Assurance Co., National Insurance Company, United India Insurance Co. and Oriental Insurance Co. Ltd.

The Company has also repaid its Debenture Dues to Public in terms of the Debenture-holders General Body Resolution passed unanimously at their Meeting held on 29th March 2001. The reduction in these liabilities will result into substantial savings in terms of interest.

**6. CORPORATE OFFICE**

The Company's Corporate Office has been shifted to its Registered Office i.e. at Bharat House, Fort, Bombay from Jogeshwari. The Company's Jogeshwari Building has been sold and the sale proceeds have been adjusted against Company's outstanding loans with the Banks. This will further result in substantial savings in terms of interest and other operating costs.

**7. DEBT RESTRUCTURING**

As stated above, your Company has repaid its entire Debenture Liability as well as outstanding Principal of Working Capital Term Loan (WCTL) A/C to the Consortium of Banks. Your Company has also requested the Banks for the waiver of outstanding accumulated interest on WCTL amounting to Rs.640 lacs (approx.). The said request of the Company is under consideration of the Banks. The Company expects a positive response on the same. This will make the Company almost a Debt free Company with only limited CC Limits facility for the day to day operations.

**8. FIXED DEPOSITS**

Deposits aggregating Rs. 5.25 lacs falling due for



payment on or before 31<sup>st</sup> March, 2002 were standing unclaimed as on that date.

#### 9. SUBSIDIARY

The Directors' Annual Report and Final Accounts of the Company's Subsidiary Batliboi Environmental Engineering Ltd., are annexed, and form part of this report. A statement pursuant to Section 212 of the Companies Act, 1956 in respect of the subsidiary is attached.

Batliboi Environmental Engineering Limited achieved a turnover of Rs. 3031.30 lacs during 2001-02 with a profit after tax of Rs. 50.26 lakhs as against the turnover of Rs.2620.19 lacs and Profit after tax of Rs.54.95 lacs during the last year.

#### CONSOLIDATED ACCOUNTS

In accordance with the requirements of Accounting Standards AS-21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiary is annexed to this Report.

#### 10. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

During the year ended 31<sup>st</sup> March 2002, foreign exchange earnings were Rs.464.04 lacs and the foreign exchange outgo was Rs.147.05 lacs. Further details may be obtained by referring to Notes 20 to 22 to the Accounts.

#### 11. CONSERVATION OF ENERGY

The measures taken by the Company during the year for conservation of energy at its Udhna factory were as follows, resulting in the total savings of Rs. 6.33 lacs.

1. The power factor of Electricity was improved and maintained around 0.998 thus getting a total rebate of Rs.2.67 lacs per annum in the Electricity Bills of all Divisions.
2. In ACR & TAE Divisions, the Electricity Contract Demand was reduced from 300 KVA to 170 KVA resulting in a saving of Rs.1.56 lacs per annum.
3. A 35 HP Submersible pump was replaced by 15 HP pump by which energy is saved around Rs. 2.10 lacs per annum.

#### 12. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Information in respect of Technology absorption in Form B to Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure-I to the Report.

#### 13. DIRECTORS

Mr S. D. S Mongia, Mr. J. P. Malik and Mr. George Verghese retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment.

#### 14. AUDITORS

M/s V Sankar Iyer & Co. retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

#### 15. AUDITORS' REPORT

The Auditors' report to the members on the Company's final accounts for the year ended 31<sup>st</sup> March 2002 is prefixed thereto. The Notes to the Accounts are self-explanatory with regard to the comments of the Auditors in their Report.

#### 16. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act 1956, the Directors, based on the representations received from the Operating Management, confirm that :-

- a) in the preparation of the Annual Accounts, the applicable accounting standards had been followed and that there are no material departures;
- b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements 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 loss of the Company for that period.
- c) 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.
- d) they have prepared the annual accounts on a going concern basis.

#### 17. PARTICULARS OF EMPLOYEES

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is not provided as none of the Company's employees are covered under the said provisions.

#### 18. ACKNOWLEDGEMENTS

Your Directors avail of this opportunity to express and place on record their heartfelt gratitude to the Promoters and others shareholders, employees, customers, principals, collaborators, agents, bankers, financial institutions, suppliers and distributors for their support to your Company.

For and on behalf of the  
Board of Directors

**PRATAP BHOGILAL**  
Chairman

Mumbai  
Dated : 27th June , 2002

Batliboi Ltd.

## ANNEXURE TO DIRECTORS' REPORT

## ANNEXURE - 1

## FORM - B

## FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

## A. RESEARCH &amp; DEVELOPMENT (R&amp;D)

## I. Specific areas in which R &amp; D carried out by the Company.

- A. Upgradation of Chetak series of Machining Centres by incorporating Twin Arm ATC.
- B. Upgradation of CNC Lathe (CL 2050) with L-M Guide ways for higher Rapids and high power spindle.
- C. Designing of Centre Lathe with 3 HP and 0.8 metre admit.
- D. Standardisation of parts of Chetak Series of VMC.
- E. CE Certification has been obtained for GPM for export to Europe.
- F. Improvement of existing product range and its related areas.
- G. Substantial changes were made in design, assembly and process to eliminate the customer complaints. These were based on field complaints.

## II. Benefits derived as a result of above R &amp; D

- A. Improved market share.
- B. Offering indigenous products against imported.
- C. Product improvement in service and quality.
- D. Cost Reduction & better utilisation of resources.

## III. Future Plan of Action

- A) A low cost Drill Tap Centre will be introduced in 2002-2003.
- B) Expansion of the range of Vertical Machining Centres.
- C) Special Thrust is given to make our General Purpose Machines Export worthy.
- D) Interaction with Research Institutes for analysis of our Machine Structures so as to improve reliability of our machines.
- E) Upgradation of products to reduce costs and improve quality.

## IV. Expenditure on R &amp; D

A. Capital	Rs. 20.95 lacs
B. Recurring	Rs. 23.36 lacs
C. Total	Rs. 44.31 lacs
D. Total R & D expenditure as percentage of total turnover	0.86%

## B. TECHNOLOGY ABSORPTION, ADAPTATION &amp; INNOVATION

## I. Efforts in brief, made towards absorption, adaptation &amp; innovation

- A. Manufacturing of CNC Milling Machine with collaboration with Sachmann, Italy.

## II. Benefit derived as a result of above efforts :

- A. Upgradation & improvement of technology of existing products
- B. Improvement in performance, quality and aesthetics
- C. Saving in Costs.
- D. Export Potential

## III. Information regarding imported technology during the last 5 years.

Technology imported	Year of Import	Status
1) Cincinnati Milacron, USA for Vertical Milling Centres	1996	duly absorbed and under regular production
2) Mazzini ICI, Italy for Textile Air Engineering products.	1996-2000	duly absorbed and under regular production
	2001 2002	under absorption duly absorbed and under regular production





## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### BATLIBOI MACHINE TOOLS GROUP (BMTG)

The Business Group achieved a turnover of Rs.53 crores during the year as against Rs.31 crores annualised during the previous 18 months' period resulting in annualised increase of 70% over the corresponding period of the previous year.

#### a) Machine Tools Manufacturing Unit and Foundry at Udhna

The recession in the Machine Tools user Industries continued unabated. With the manufacturing industry showing a flat growth, the investments in Machine Tools has shown a decline during the year. The Machine Tool Industry recorded a decline of 12% (ref. IMTMA). This has affected the turnover of the Group. However, during the later part of the year, there was an improvement in the inflow of orders. During the year, order inflow for the CNC machines has increased by nearly 100% in value and 130% in numbers as compared to the last year. The steps taken to enlarge our CNC product base and aggressive marketing made this possible in the face of a very tough competition.

To maximise the capacity utilisation, the division focussed on reconditioning, supply of spares and job work. There has been a good growth in all these areas, which has helped the division to minimise the impact of lower turnover.

On the export front, the efforts of the Group were intensified. CE mark, a prerequisite for export to European countries, was obtained for Radial Drilling Machines. Sample machines have been despatched to two distributors in Europe for evaluation. The feedback on quality is encouraging. There is a good potential of business from these distributors. This effort would continue in the next year also. The group expects exports to contribute 10% to its total business in 2002-03.

The steps taken for manpower rationalisation and cost reduction continued during the year.

#### b) Machine Tool Trading Division

The overall demand for imported machine tools has been declining over the last few years. Sustained efforts were made during the year to add new principals and products which will bear fruits in the coming years.

Emphasis on aggressive marketing to Defence and Railways has resulted in some notable orders in the year under review.

### Prospects

There seems to be a revival in industrial growth in the 1st Quarter of the Current Financial Year 2002-03 which is expected to be maintained during the rest of the year. It is therefore, expected that the Group will improve its overall business compared to 2001-02 resulting in improvement in profitability.

### BATLIBOI TEXTILE ENGINEERING GROUP

Overall the performance of the business group was satisfactory despite the continued recession in the textile industry. Though we saw some recovery in the first half, the same was not sustained and the second half business was adversely affected due to the US tragedy of September 11, 2001. There was hardly any investment for modernisation or expansion during the last year, which has resulted in poor demand for textile machinery and textile air engineering equipments. Nevertheless, because of our technical and marketing strength and continued support from our foreign Principals, the business group has done well by showing commendable growth in business and profitability.

#### (a) TEXTILE MACHINERY DIVISION:

This division continue to perform well and achieved a turnover of 55 Crores which is an improvement of 10% over the previous year's annualised figure of Rs.50 crores. The circular knitting machine sale increased in numbers and we maintained our dominance in sophisticated electronic machines. The successful implementation of PPP training project has further helped to improve the market share in Circular Knitting machines and established a clear cut advantage over competition.

The business of open end spinning machines has been good and the new model of BD-D-30 was well accepted particularly in the organised sector of spinning mills in India.

The business of spares and other ancillaries also continued to be satisfactory. The attendance at ITMA in Singapore helped further in consolidating customer base and new contacts. Division also made tie ups for representation of new product lines with reputed manufacturers from Europe in garment field which has a potential for good growth.

In spite of the recessionary trends in the textile industry the division was able to achieve better sales performance and improved net contribution through optimum control of direct and indirect expenses and better utilisation of manpower.

For better focus on product and to enter into new product lines the Textile Machinery Division has been recast in two segments each with dedicated personnel. This will further strengthen the overall performance of textile machinery business.

**Batliboi Ltd.**

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**(b) TEXTILE AIR ENGINEERING DIVISION:**

The business has grown by around 10% to 14.21 Crores during the year 2001-02. Our technical superiority, manufacturing facility and the marketing & service back up helped us in increasing our market share and profitability.

The Waste Recovery System manufactured by us have been well accepted by the Textile Industry and we are the leaders in this business with the latest technology to cater to all makes of Textile Machinery. We have also tied up with certain Textile Machinery Manufacturers to export our Waste Recovery Equipments alongwith their machinery as also for the Indian market.

Our exports to Bangladesh and African countries continue to do well inspite of the industrial recession in these countries. We have also started the marketing activities for possible export to countries like Indonesia.

Technical collaboration with Mazzini Ici, Italy is giving us access to the latest technology in humidification and waste recovery systems. Senior Managers / Technicians from our manufacturing and project divisions continue to get trained at our Principal's factory for introduction of new equipment and system designs.

**Prospects**

The textile industry particularly in Spinning & Knitting has shown a revival in the First Quarter 2002-03. The pending order position of the division is satisfactory and the division is expected to further improve the market share of business and profitability in the coming year, as well.

**BATLIBOI AIRCONDITIONING AND REFRIGERATION GROUP:**

This Division's performance in the year 2001-02 was satisfactory. The division has achieved a turnover of Rs.11 Crores.

After the consolidation process in the last two years, the division has turned around this year and made an operating profit of Rs.24 Lacs. During the year the division has commissioned and handed over the balance old jobs.

Considering the changes in the market scenario and business potential, the division has introduced the latest technology in packaged type air conditioners and have also introduced ductable type split airconditioners with scroll type compressor ranging from 5 TR to 15 TR compactors.

**Prospects**

The division hopes to do further consolidation and improve performance during the year 2002-03.

**HUMAN RESOURCES**

The Company's endeavour to rightsize its operations continued during the year and your Company has achieved numbers planned at the beginning of the year. The focus of reduction exercise was at the manufacturing unit, Udhna, to achieve better value addition per employee and become cost competitive. 157 employees (111 in Manufacturing and 46 in Marketing) separated during the year. The Company also recruited 47 employees of requisite competence and experience. Therefore, the strength as on 31st March 2002 is 775 in comparison to 885 as on 31st March 2001. This exercise will continue during the next year.

The Company intensified the measures to build competencies through training of its employees. Training was in the field of marketing, manufacturing processes and procedure, reduction of costs and value addition. Special training programmes were organised for workmen at our manufacturing unit, Udhna.

The Company has engaged the services of Management Consultants M/s. Cedar Enterprise Solution Pvt. Ltd. to analyse current processes and excess costs within sales and marketing services and support functions of BMTG, Corporate at head office, Metro offices and Udhna. CEDAR recommendations have been accepted and implemented.

In line with recommendations, BMTG Sales, Marketing and Services set-up has been reorganised which will significantly impact BMTG efficiency and profitability.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY****Management Audit**

The Company has a Management Audit Department commensurate with the size of the Company. The Company also has engaged the services of M/s. Sharp & Tannan, a reputed firm of a Chartered Accountants to carry out the extensive internal audit at all the locations of the Company and ensure that internal control systems and procedures are followed, which assist the management in review of operations. The Audit Committee of the Board meets periodically to review the performance as reported by the Management Audit Department & M/s. Sharp & Tannan.





## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's Philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including its interaction with employees, shareholders, deposit-holders, creditors, consumers and institutional and other lenders and places due emphasis on regular compliance.

### 2. BOARD OF DIRECTORS :

The present strength of Board of Directors is ten, whose composition and category is given below :

#### COMPOSITION AND CATEGORY

Two - Promoter, Executive Directors

Two - Non Promoter, Executive Directors

Four - Non Promoter Non Executive Directors

One - Non Promoter, Non Independent Director

One - Independent, Non- Executive nominee Director representing Unit Trust of India

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he is a member / Chairperson are as under:

Name of Director	Category	No. of other Directorship	No. of membership of other Board Committees	No. of Board Committees for which Chairperson
Mr. Pratap Bhogilal	Promoter Executive	7	1	None
Mr. Nirmal Bhogilal	Promoter Executive	13	3	None
Dr. K. K. Anand	Independent Non- Executive	5	6	3
Dr. S. M. Patil	Independent Non- Executive	3	1	None
Mr. S. D. S Mongia	Independent, Non - Executive	2	1	None
Mr. V. R. Kirloskar	Independent Non- Executive	13	1	None
Mr. J. P. Malik	Non-Promoter Executive Director	None	None	None
Mr. C. Balaraman	Non-Independent Non- Executive Director	1	1	None
Mr. George Verghese	Non-Promoter Executive Director	1	None	None
Mr. A. N. Sharma	Nominee Director	None	None	None

### ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING.

During the year ended March 31<sup>st</sup> 2002, seven Board Meetings were held on June 14<sup>th</sup> 2001, June 29<sup>th</sup> 2001, July 31<sup>st</sup> 2001, October 30<sup>th</sup> 2001, November 29<sup>th</sup> 2001, January 30<sup>th</sup> 2002, and March 28<sup>th</sup> 2002.

Name of Director	No. of Board Meetings attended	Attendance at the last AGM held on 31st July 2001
Mr. Pratap Bhogilal	7	Present
Mr. Nirmal Bhogilal	7	Present
Dr. K. K. Anand	7	Present
Dr. S. M. Patil	6	Present
Mr. S. D. S Mongia	5	Present
Mr. V. R. Kirloskar	none	Absent
Mr. J. P. Malik	6	Present
Mr. C. Balaraman	5	Present
Mr. George Verghese	6	Present
Mr. A. N. Sharma	6	Absent

### 3. AUDIT COMMITTEE:

#### BROAD TERMS OF REFERENCE

The audit committee shall have powers which include the following :

- 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.

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The role of the audit committee includes the following :

- a. 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.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management.
  - Qualifications in draft audit report
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. 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.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i. Reviewing the company's financial and risk management policies.
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

**COMPOSITION**

The Audit Committee of the Company earlier comprised of three Directors of which two were Independent Non- Executive Directors and one Promoter Executive Chairman. However, with effect from 30th January 2002 Mr. Pratap Bhogilal, Executive Chairman resigned from the Committee and Mr. S. D. S Mongia was appointed as Chairman of the Committee. Apart from other qualifications, Mr. Mongia is holding a Masters Degree in Financial Management thus having Financial and Accounting knowledge. Dr. S. M. Patil was also inducted as member.

The constitution of the Audit Committee at present is as follows:

1. Mr. S D S Mongia : Independent Non - Executive (Chairman)
2. Dr. K. K. Anand : Independent Non - Executive
3. Dr. S. M. Patil : Independent Non - Executive

**Meeting and Attendance :**

During the year ended 31st March 2002, five Audit Committee Meetings were held on 14th June 2001, 31st July 2001, 30th October 2001, 29th November 2001 and 30th January 2002.

Name of Director	No. of Meetings attended
Mr. Pratap Bhogilal	5
Mr. Dr. K. K. Anand	5
Mr. S D S Mongia	4

**4. REMUNERATION COMMITTEE****BRIEF DESCRIPTION OF TERMS OF REFERENCE**

- To review, assess and recommend the appointment of wholtime directors.
- To periodically review the remuneration package of wholtime directors and next level ( in most cases either VPs or GMs) and recommend suitable revision to the Board.