



Bharat Bijlee Limited

57th ANNUAL REPORT

Year Ended March 2004

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DIRECTORS

Mr. Bansi S. Mehta (Chairman)

Mr. Nikhil J. Danani
(Vice Chairman & Managing Director)

Mr. Nakul P. Mehta
(Vice Chairman & Managing Director)

Mr. Jaisingh R. Danani

Mr. Mukul Harkisondass

Mr. Prakash V. Mehta

Mr. Anand J. Danani

Mr. Deepak S. Parekh
(Alternate to Mr. Anand J. Danani)

Mr. Sanjiv N. Shah

Mr. Jairaj C. Thacker

Mr. Meghendra Kumar
(Appointed in casual vacancy
on 29th January, 2004)

REGISTERED OFFICE

Electric Mansion, 6th Floor,
Appasaheb Marathe Marg, Prabhadevi,
Mumbai 400 025.
Tel. No. : 022-24306237
Fax No. : 022-24370624

WORKS

Plot No. 2, MIDC Industrial Estate,
Belapur Road, Kalwa,
Thane 400 601.
Maharashtra.
Tel. No. : 022-27600401
Fax No. : 022-27600443

AUDITORS

Messrs Dalal & Shah

SOLICITORS

Messrs Malvi Ranchoddas & Co.

BANKERS

Bank of India
The United Western Bank Limited
Syndicate Bank
Indian Bank

Report



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REGIONAL OFFICES**Western Regional Office**

Swastik Chambers, 5th Floor,
Junction of Sion Trombay Road and C.S.T. Road,
Chembur, Mumbai 400 071.
Tel. No. : 022-25228771
Fax No. : 022-25225870

Northern Regional Office

Milap Niketan, 4th Floor,
8-A, Bahadur Shah Zafar Marg,
New Delhi 110 002.
Tel. No. : 011-23319694
Fax No. : 011-23319413

Eastern Regional Office

Mansarowar, 2nd Floor,
3B, Camac Street,
Kolkata 700 016.
Tel. No. : 033-22172382
Fax No. : 033-22172467

Southern Regional Office

Ramanashree Chambers,
37, Lady Curzon Road,
Bangalore 560 001.
Tel. No. : 080-5592646
Fax No. : 080-5592823

REGISTRAR & SHARE TRANSFER AGENTS**Intime Spectrum Registry Ltd.**

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (W),
Mumbai 400 078.
Tel. No. : 022-55555454
Fax No. : 022-25672693

The logo for Report Junction.com features the word "Report" in a light blue font and "junction.com" in a light green font, separated by a stylized yellow and green diamond shape. The entire logo is enclosed in a rounded rectangular border with a gradient effect.

NOTICE

Notice is hereby given that the 57th Annual General Meeting of Bharat Bijlee Limited will be held at Walchand Hirachand Hall, Indian Merchants' Chamber Building, Veer Nariman Road, Churchgate, Mumbai 400 020 on Wednesday, 21st July, 2004 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Prakash V. Mehta who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Sanjiv N. Shah who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. Jairaj C. Thacker who retires by rotation and is eligible for re-appointment.
6. To appoint M/s. Dalal & Shah, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors and/or its Audit Committee to fix their remuneration.

NOTES:

- (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. INSTRUMENTS APPOINTING PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- (B) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 12th July, 2004 to Wednesday, 21st July, 2004 (both days inclusive).
- (C) The Profiles of the Directors being reappointed as required under Clause No. 49 of the Listing Agreement with Stock Exchanges is annexed to this notice.
- (D) It is notified for the information of shareholders concerned that the unclaimed dividends on equity and preference shares for the year ended 31-03-1995 have been transferred by the Company to the General Revenue Account of the Central Government and the same can be claimed by such shareholders from the Registrar of Companies, Maharashtra, Office of the Registrar of Companies, Central Government Office Building, A Wing, 2nd Floor, Next to Reserve Bank of India, CBD Belapur, 400 614 by submitting an application in the prescribed form No. 11 under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

As per the provision of Section 205A read with Section 205C of the Companies Act, 1956 a Company is required to transfer its dividends, debentures, bonds, redeemed preference shares, fixed deposits, interest on fixed deposits, interest on debentures etc. which remain unpaid or unclaimed for a period of 7 years to the Investor Education and Protection Fund set up by the Central Government. The Company has in compliance transferred all such unclaimed amounts upto the financial year 31st March, 1996 to the said fund. It may be noted that no claims will lie against the Company in respect of the said unclaimed amount(s) transferred to the said fund. Members who have not claimed the dividends declared for the financial year 31-3-1997 and onwards are requested to lodge their claim immediately with the Company's Registrar and Transfer Agents at the address mentioned in the Annual Report.

- (E) The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid after Wednesday, 21st July, 2004 to those members whose names stand registered on the Company's Register of Members:
 - (a) as Beneficial owners as at the end of business on Saturday, 10th July, 2004 as per the list to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in demat form;
 - (b) as Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company on or before, the 10th July 2004.
- (F) The Registrar and Transfer activity of shares held in physical and demat form continue to be carried out by our Registrars, M/s. Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078, Phone No. 55555454.
The Register of Members continue to be maintained at the Registered Office of the Company.
- (G) Pursuant to the provisions of Section 109A of the Companies Act, 1956, shareholders may file nomination in respect of their shareholdings. Any shareholder willing to avail of this facility may submit to the Company the prescribed form 2B, if not already filed.

The Equity Shares of the Company are listed on the following stock exchanges:

1. The Stock Exchange, Mumbai
Pheroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001.
2. The Delhi Stock Exchange Association Ltd.
384/4B, Asaf Ali Road,
New Delhi 110 002.

The listing fee for the period 1-4-2004 to 31-3-2005 to the above Exchanges has been paid.

REQUEST TO THE MEMBERS

1. Members desiring any information on the Accounts of the Annual General Meeting are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring the copy of the Annual Report to the Meeting.
3. Members who hold shares in the dematerialised form are requested to bring their Depository Account Number for identification.

By Order of the Board

D.N. NAGARKAR
Company Secretary &
General Manager: Legal

Registered Office:

Electric Mansion, 6th Floor
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025

Dated: 20th May, 2004

**PROFILES OF DIRECTORS BEING REAPPOINTED AS REQUIRED BY
CLAUSE 49 VIA OF THE LISTING AGREEMENT WITH STOCK
EXCHANGES**

Item Nos. 3, 4 & 5 of the Notice

Mr. Prakash V. Mehta

Mr. Prakash V. Mehta holds a Bachelors Degree in Law from the University of Bombay in 1963, thereafter qualified as a Solicitor in 1966 and since then has been practicing as a Solicitor. He is a partner of M/s. Malvi Ranchoddas & Co., a renowned firm of Solicitors. He has considerable experience in the field of Law and also an expert in Corporate Law, Acquisitions, Joint Ventures and Foreign Collaborations. He has been a Director on the Board of the Company since August 7th, 1990.

He is on the Board of the following prominent companies:

1. Advani Hotels & Resorts (I) Ltd.
2. Hikal Chemicals Industries Ltd.
3. India Safety Vaults Ltd.
4. Kristeel Shinwa Industries Ltd.
5. KIMC Investments Trust Co. Ltd.
6. Mukand Engineers Ltd.
7. Omega Management Services Ltd.
8. PCS Industries Ltd.
9. Rajasvi Properties Holdings Pvt. Ltd.
10. Tulsidas Khimji Pvt. Ltd.

11. W.H. Brady & Co. Ltd.
12. JBF Industries Ltd.

Mr. Mehta is on the following Committees:

Sr. No.	Company	Name of the Committee
1.	Mukand Engineers Ltd.	Audit
2.	Hikal Chemicals Industries Ltd.	Audit, Shareholders & Investors Grievance
3.	JBF Industries Ltd.	Shareholders & Investors Grievance

Mr. Sanjiv N. Shah

Mr. Sanjiv N. Shah holds a degree (B.A.) in Economics and Statistics from the University of Mumbai, a degree (B.Sc.) in Economics from the London School of Economics, is a Chartered Accountant from England and Wales and a fellow member of the Institute of Chartered Accountants of India. He was a partner of M/s. S.B. Billimoria & Company, a renowned firm of Chartered Accountants and is presently a partner in M/s. Sanjiv N. Shah & Co., Chartered Accountants. He specialises in the Financial Services Industry and has been a member of the Board since 27th June, 2002.

Mr. Jairaj C. Thacker

Mr. Jairaj C. Thacker is a well known Industrialist and Educationalist. He holds a degree in Commerce and is the Chairman and Managing Director of M/s. Golden Chemicals Pvt. Ltd., manufacturers of Chromium Chemicals. He is also the Managing Trustee of the prestigious Shri Narsee Monjee Educational Trust and Jamnabhai Narsee Public Charitable Trust, Executive and Governing Council Member of Dr. Balabhai Nanavati Hospital, Vile Parle and Executive Committee Member of Vile Parle Kelavani Mandal. He has been a member of the Board since 27th June 2002.

By Order of the Board

D.N. NAGARKAR
Company Secretary &
General Manager: Legal

Registered Office:

Electric Mansion, 6th Floor
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025

Date: 20th May, 2004

REPORT OF THE DIRECTORS TO THE MEMBERS

The Directors take pleasure in presenting their 57th Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

	Year ended 31st March, 2004 Rupees in lakhs	Year ended 31st March, 2003 Rupees in lakhs
Sales & Services	22041.64	16281.89
Less: Excise Duty	1611.31	1342.21
	20430.33	14939.68
Other Income	121.30	216.00
	20551.63	15155.68
Profit before Interest & Financial Charges, Depreciation and Tax	1644.65	762.86
Less: Interest & Financial Charges	408.74	439.12
Less: Depreciation	134.61	138.97
Profit Before Tax	1101.30	184.77
Less: Provisional Tax	367.31	7.74
Profit for the year	733.99	177.03
Short(-)/Excess Provision of tax for earlier years	- 4.88	- 1.08
	729.11	175.95
Add: Profit brought forward	199.01	86.82
Net Surplus available for Appropriation	928.12	262.77

APPROPRIATION:

Proposed Equity Dividend	226.06	56.52
Tax on proposed Equity Dividend	28.96	7.24
General Reserve	375.00	—
Profit Carried Forward	298.10	199.01

DIVIDENDS

The Directors recommend a dividend of Rs. 40 per share on 5,65,156 equity shares of Rs. 100 each for the year ended 31st March, 2004.

OPERATIONS

The economy, after a long period of recession and slow-down, displayed signs of sustainable recovery. The agricultural, industrial products and service sectors showed an average GDP growth of 6.5%, which helped the company to execute higher business volumes during the year under review. Order inflow was higher by Rs. 15 crores, and the status of the unexecuted order book at 31-3-2004 continues to be healthy.

Sales and other income rose from Rs. 165 crores to Rs. 222 crores, registering a growth of 35%. With the gradual pickup in demand, volume, mix and price realisations showed improvement. Together with ongoing cost-control measures and productivity

gains, these contributed substantially to the pre-tax profits of Rs. 11.10 crores compared to Rs. 1.85 crores of the previous year.

DISINVESTMENT OF LIFT FIELD OPERATIONS

As the Company's core competencies lie in the business of motors, transformers and industrial electronics, to concentrate and fully explore the potential in these areas, the Management thought it fit to disinvest the Lift Field Operations. For this specific purpose the Committee of Board of Directors is constituted to negotiate terms, conditions and consideration with an Intending Acquirer by undertaking such steps as may be appropriate (through court process or otherwise) and as may be mutually agreed between the Company and the Intending Acquirer.

NEW TRANSFORMER PLANT

The expansion of the transformer manufacturing facility was completed as per schedule. The state-of-the-art plant uses pressurised air to control dust and humidity and the entire flooring is epoxy coated. Special efforts are being made to maintain the high degree of cleanliness necessary for manufacturing high voltage equipment.

All large power transformers will now be manufactured in the new plant. Both our manufacturing capacity and capability stand significantly enhanced.

FINANCE

Effective funds planning and strategic sourcing enabled the Company to keep the interest and financing costs lower than the level of previous year. The Company was able to finance the increased operations and a substantial part of the expansion of transformer plant, while maintaining prudent levels of debt.

As on 31st March 2004, the Company had Fixed Deposits aggregating to Rs. 635.29 lakhs. Out of Fixed Deposits which matured for payment prior to 31st March, 2004, 34 deposits aggregating to Rs. 4.38 lakhs were neither renewed nor claimed till 31st March, 2004. Of these 3 deposits aggregating to Rs. 0.90 lakhs have since been repaid on receipt of requests from the deposit holders. The balance of 35 deposits aggregating to Rs. 3.48 lakhs have been neither claimed nor renewed till date of this report, inspite of the Company's intimation to the deposit holders. There has been no default or delay in meeting any maturity payment or interest obligations.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance is set out in Annexure A.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors confirm -

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.

- (ii) that the Directors have selected such accounting policies and 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, 31st March 2004 and of the profit or loss of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care 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) that the Directors have prepared the annual accounts on a going concern basis.

HUMAN RESOURCES

The last 3 year settlement, which was signed on 10th September, 1998, expired on 31st December, 1999. A new 3-year wage settlement has been reached on 23rd March, 2004, which takes effect from 1st January, 2003. The Union and the Workmen have displayed remarkable understanding, co-operation and restraint during the negotiation process. Further, the Union and the Workmen have increased productivity levels substantially, which will enable the Company to remain cost-effective and face competitive market challenges.

The employee strength as on 31st March, 2004 was 1375 Nos. as compared to 1322 Nos. on 31st March, 2003.

The Management is grateful to the exemplary dedication and commitment shown by all its employees in achieving the results for the year under review.

DIRECTORS

Mr. Prakash V. Mehta, Mr. Sanjiv N. Shah and Mr. J.C. Thacker retire by rotation at the 57th Annual General Meeting of the Company to be held on 21st July, 2004 but are eligible for re-appointment.

Mr. N. Balakrishnan resigned from the Board of Directors w.e.f. 29th January, 2004 and Mr. Meghendra Kumar was appointed in casual vacancy caused by the resignation of Mr. Balakrishnan.

Mr. Meghendra Kumar holds a Masters Degree in Arts and a Bachelors Degree in Law. He is the Regional Manager (H&R) with LIC of India and has wide experience in the marketing of Life Insurance business, human resources and industrial relations.

Information on the Directors eligible for re-appointment as required under Clause 49 of the listing agreement with stock exchanges is disclosed in the Profiles of the Directors under Item Nos. 3, 4 and 5 forming part of the Notice dated 20th May, 2004 circulated along with the Annual Report 2004.

AUDITORS

M/s. Dalal & Shah, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and have confirmed their eligibility and consent to be re-appointed pursuant to Section 224(1) of the Companies Act, 1956. Members are requested to appoint the Auditors and to authorise the Board of Directors to

fix the remuneration of the Auditors for the year ending 31st March, 2005. This item of business is covered under item 6 of the accompanying Notice.

In the past, the Books of Accounts at the branches situated at Delhi, Kolkata and Bangalore were audited by separate Branch Auditors. However, from the Financial Year 2004-2005, it is proposed that the branch audits would be conducted by the Statutory Auditors, M/s. Dalal & Shah.

COST AUDITORS

The Government of India vide its Notifications GSR 277(E) and 279(E) each dated 24th April, 2001 has directed with effect from 1st April, 2002 maintenance of cost records, in terms of Cost Audit Report Rules 2001, for transformer and electronic products, which is applicable to your Company.

The Company has been historically maintaining such cost records much before the aforesaid notification was issued. The Department of Company Affairs has to date not issued any orders making cost audit of the above products mandatory and the same is awaited.

The Central Government has approved the appointment of M/s. P. M. Nanabhoy & Co. as Cost Auditors of the Company in respect of electric motors for the financial year ended 31st March, 2004.

The Board has appointed M/s. P. M. Nanabhoy & Co. as Cost Auditors of the Company in respect of electric motors and other products of the company for the financial year ending 31st March, 2005 and approval of the Central Government is being sought.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, and forming part of this Report are annexed to this Report. However, as per the provisions of Section 219(1)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the Statement of Particulars of Employees. Any shareholder interested in the Particulars of Employees may write to the Company Secretary at the Registered Office of the Company for a copy of the statement.

OTHER INFORMATION

Additional information as required by the Department of Company Affairs is presented on page 7 of this Annual Report.

ACKNOWLEDGEMENT

Your Directors would like to place on record their appreciation to the Company's employees, customers, shareholders, vendors, bankers, and financial institutions.

For and on behalf of the Board of Directors

BANSI S. MEHTA
Chairman

Date: 20th May, 2004

ADDITIONAL INFORMATION

(In terms of Notification No. 1029 of 31-12-1988 issued by the Department of Company Affairs)

A. Conservation of energy:

(1) Measures:

- Phased replacement of fluorescent tube lamps with high pressure mercury lamps and copper chokes with electronic chokes.
- Periodic maintenance of luminair reflectors and air pipelines for leakages.
- Maintenance of chilled water pipelines, condensers and ovens.
- Improved utilisation of drying oven.
- Elimination of baking of varnished Einleiter winding in oven by use of air drying varnish.
- Drying of transformer core by natural air circulation instead of oven for curing of air drying varnish.

(2) Impact of the measures:

- Saving in energy consumption.
- Improved lighting.

B. Technology absorption:

Research and Development:

1. Specific areas in which R&D is carried out:

- Ongoing development of lift components, assemblies and systems to meet specific market requirements.
- Development of on-line testing facility/simulator in temperature controlled environment for a complete sugar centrifuge drive.
- Development of new range of SPDP motors for Locomotive Auxiliaries.
- Developed higher frame size 315L — motors upto 200 kw.
- Development of energy efficient motors to meet upgraded Indian Standards.
- Development of digital DC drive with serial communication.

2. Benefits derived:

- Improved productivity and quality control.
- Conservation of power, energy and reduction in power factor, high starting current and pollution of power supply.
- Improved process for Sugar Centrifuge Drives.

3. Future plan of action:

- Continued emphasis on development of cost-effective components and processes and import substitution.

Technology absorption, adaptation and innovation:

(1) Efforts made:

- Systematic reliability and accelerated life testing of lift machinery.
- Change of motor bodies to pressure diecast aluminium, presently upto 3 HP, and progressively adapt this technology upto 5 HP.
- Import substitution of lift machinery components.

(2) Benefits derived:

- Product improvements.
- Reduction in labour cost as well as better aesthetics and better cooling.
- Substantial savings in cost and foreign exchange outgo.
- Controlled winding heights.

(3) Technology imported during the last five years:

- The Company has entered into Trade and Technical Collaboration Agreements with M/s. Tecnolama SA, Spain for lift automatic door systems and M/s. S. A. Sistel, Spain for Electronic Printed Circuit Boards for lift controllers.

C. Foreign exchange earning and outgo:

(1) Export activities:

- Our transformers continue to be exported directly and also through other registered exporters. Transformers have also been sold as deemed export to internationally aided projects. These orders were obtained against international competition.

(2) Foreign exchange earned:

- | | |
|------------------|-------------------|
| — Deemed exports | Rs. 3783.88 lakhs |
| — Direct exports | Rs. 180.50 lakhs |
| — Others | Rs. 0.43 lakhs |

(3) Foreign exchange used:

Rs. 651.07 lakhs

CORPORATE GOVERNANCE REPORT — ANNEXURE A

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company has, since its inception, been committed to maintaining integrity of accounting statements and to ethical conduct, legal compliance, sound risk-management practices and a high level of transparency and disclosure.

2. BOARD OF DIRECTORS & BOARD MEETINGS:

(a) *Composition:* The Board of Directors has 11 Directors, of which 1 director is an Alternate Director. The Board consists of 7 Non-Executive – Independent Directors, 2 Non-Executive Directors and 2 Executive Directors. The Non-Executive Directors account for more than 75% of the Board's strength against the minimum requirement of 50% as per the Listing Agreement. The Non-Executive Directors are all eminent professionals with experience in overall management, finance and law, and have a wide range of skills and experience. The day to day operations of the Company are overseen by two Executive (Managing) Directors, Mr. Nikhil J. Danani and Mr. Nakul P. Mehta.

Mr. Meghendra Kumar, Regional Manager of LIC, was appointed as Non-Executive Independent Director of the Company, (liable to retire by rotation) due to the casual vacancy caused by the resignation of Mr. N. Balakrishnan, by the Board of Directors at the Board Meeting held on 29th January, 2004.

Except Mr. Nikhil J. Danani and Mr. Nakul P. Mehta, Managing Directors, who have been appointed to the Board for a period of 5 years w.e.f. June 20, 2003, all other Directors are liable to retire by rotation.

(b) *Board Meetings:* In the Financial Year 2003-2004, four (4) Board of Directors' meetings were held on the following dates:

- | | |
|---|-----------------------|
| 1. 30th May, 2003 | 3. 31st October, 2003 |
| 2. 1st August, 2003 (Meeting convened on 30th July, 2003, but postponed due to Mumbai Bandh.) | 4. 29th January, 2004 |

(c) *Attendance, Sitting fees & Remuneration of Directors:*

Sr. No.	Name of the Director	Category of Directorship	No of Board Mtgs. attended	Attendance at last AGM	No. of other Directorships	Committee Membership		Sitting Fees Rs.	Remuneration Rs.
						As Member	As Chairman		
1.	Mr. Bansil S. Mehta — Chairman	Non-Executive Independent	4	YES	19**	5	5	10,000/-	—
2.	Mr. Nikhil J. Danani — Managing Director	Executive	4	YES	1*	2	—	—	27,05,460
3.	Mr. Nakul P. Mehta — Managing Director	Executive	4	YES	1*	2	—	—	32,41,014
4.	Mr. Jaisingh R. Danani	Non-Executive	2	NO	—	2	—	10,500/-	—
5.	Mr. Mukul Harkisondass	Non-Executive Independent	4	YES	1*	1	3	24,500/-	—
6.	Mr. Prakash V. Mehta	Non-Executive Independent	3	YES	12*	4	—	20,000/-	—
7.	Mr. Anand J. Danani	Non-Executive	—	NO	—	—	—	—	—
8.	Mr. Deepak S. Parekh — (Alternate to Mr. A. J. Danani)	Non-Executive Independent	1	NO	19§	4	5	2,500/-	—
9.	Mr. N. Balakrishnan — Representative of LIC (Retired on 29-1-2004)	Non-Executive Independent	—	NO	3	—	—	—	—
10.	Mr. Sanjiv N. Shah	Non-Executive Independent	3	YES	3*	2	—	14,500/-	—
11.	Mr. Jairaj C. Thacker	Non-Executive Independent	2	YES	3*	1	—	8,500/-	—
12.	Mr. Meghendra Kumar (Representative of LIC — Appointed on 29-1-2004)	Non-Executive Independent	1	N.A.	—	—	—	2,500/-	—
							Total	93,000/-	—

* includes Directorship in Pvt. Ltd. companies

§ Includes Alternate Directorship in 4 companies

** includes Alternate Directorship in 4 companies and in a Body Corporate incorporated outside India

Notes: 1. M/s. Malvi Ranchoddas & Co., solicitors of the company of which Mr. P. V. Mehta is a partner, renders professional services to the Company.

2. Mr. Sanjiv N. Shah, Chartered Accountant has rendered professional services to the Company.

3. Mr. N. Balakrishnan resigned as Director during the year and Mr. Meghendra Kumar was appointed as Director liable to retire by rotation in the casual vacancy caused by his resignation.

3. AUDIT COMMITTEE:

(a) *Composition:* The Board of Directors had reconstituted an Audit Committee in 2002 with the following members:

1.	Mr. Mukul Harkisondass	Chairman	— Non-Executive Independent
2.	Mr. Prakash V. Mehta	Member	— -do-
3.	Mr. Jaisingh R. Danani	Member	— Non-Executive
4.	Mr. Sanjiv N. Shah	Member	— Non-Executive Independent

At the Board of Directors meeting held on 29th January, 2004, the Board, in addition to the above members, also appointed Mr. Jairaj C. Thacker, Non-Executive and Independent Director as member of the Audit Committee.

Mr. D.N. Nagarkar, Company Secretary is the Secretary of the Committee.

The Managing Directors, Vice President: Finance, Internal Audit Manager, and the Deputy. General Manager: Finance usually attend Audit Committee meetings by invitation. The Statutory Auditors are also invited to attend the meetings.

(b) *Meetings & Attendance:*

1. 28th May, 2003
2. 1st August, 2003 (Meeting convened on 30th July, 2003 but postponed due to Mumbai Bandh.)
3. 31st October, 2003
4. 29th January, 2004

Mr. Mukul Harkisondass was present in all 4 meetings.

Mr. Prakash V. Mehta and Mr. Sanjiv N. Shah attended 3 meetings each.

Mr. Jaisingh R. Danani attended 2 meetings.

(c) *Terms of Reference:* Clause 49 of the Listing Agreement lists the role of the Audit Committee. The gist of the terms of reference are as follows:

- Oversee the Company's financial reporting process and disclosures.
- Recommend appointment/removal/remuneration of external auditors.
- Review with management the annual financial statements before submission to the Board.
- Review adequacy of internal control systems, internal audit department, reporting structure and frequency.
- Discussion with internal auditor on his findings.
- Post-audit discussion with external auditors regarding areas of concern.
- Reviewing the Company's financial and risk-management process.
- Review defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of dividends) and creditors.
- Decide on recommendations/audit report findings to be placed before the Board.

4. REMUNERATION COMMITTEE:

(a) *Composition:* The Board of Directors of the Company have constituted a Remuneration Committee, in 2002, comprising the following members:

1.	Mr. Mukul Harkisondass	— Non-Executive Independent
2.	Mr. Prakash V. Mehta	— -do-
3.	Mr. Sanjiv N. Shah	— -do-
4.	Mr. Jairaj C. Thacker	— -do-

The terms of reference of the Remuneration Committee are as under:

- (i) Recommend to the Board of Directors and shareholders the remuneration package of Executive Directors including salary, allowances, perquisites, payment of commission, pension rights, payment of compensation and minimum remuneration, and to review and revise the remuneration package as may be required.