



BHAGHEERATHA ENGINEERING LIMITED

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28th

ANNUAL REPORT
2003 – 2004

BOARD OF DIRECTORS

Shri. V. C. ANTONY Chairman

Shri. K. T. CHANDY

Shri. K. C. JOSEPH

Shri. P. C. CHACKO

Shri. T. T. JOSEPH

Prof. J. PHILIP

Shri. TOMY C. MADATHIL Managing Director

Shri. JORTIN ANTONY Joint Managing Director (w.e.f. 11th Feb. 2004)

Shri. SUNNY C. MADATHIL Director (Projects)

Shri. P. C. CYRIAC

COMPANY SECRETARY

Mr. M. S. NAMBIAR

AUDITORS

M/s. P. C. Varghese & Co.

Chartered Accountants

41/804 A, Old Railway Station Road

Cochin – 682 018

BANKERS

STATE BANK OF INDIA

SYNDICATE BANK

UNION BANK OF INDIA

DENA BANK

REGISTERED & HEAD OFFICE

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Vazhakkala, Kakkanad P. O.

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AN ISO – 9001-2000
COMPANY

BHAGHEERATHA ENGINEERING LTD.

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of BHAGHEERATHA ENGINEERING LIMITED will be held at "Versailles", Hotel Renaissance, Palarivattom, Ernakulam on Thursday, the 30th September, 2004 at 3.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Balance Sheet as at 31st March 2004, and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To consider that the vacancy in place of Shri. K.T. Chandy, Director who retires by rotation, but does not seek re-election, be not filled.
3. To appoint a Director in place of Shri. V.C. Antony, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. K.C. Joseph, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to fix their remuneration. M/s. P.C. Varghese & Company, Chartered Accountants, Cochin, retiring Auditors being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS**6. Appointment of Joint Managing Director**

To consider and, if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution:

"RESOLVED THAT, the Company hereby accord its approval and consent under Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (The Act) and all other applicable statutory provisions, if any, to the appointment of and to the payment of remuneration, benefits and amenities to Shri. Jortin Antony, as Joint Managing Director of the Company for the tenure from 11th February, 2004 till 30th September, 2004 upon the terms and conditions and stipulations and on the remuneration and perquisites as set out herein below:

- a) Salary - Rs. 30,000/- per month
- b) Perquisites, Retirement Benefits, Leave will be in accordance with the Service Rules applicable to the whole-time Directors of the Company, and with authority and power to the Board of Directors of the Company (The Board) to alter and vary the terms and conditions, referred above, from time to time in such manner as may be in consonance with the Rules and Regulations of the Company and the applicable provisions of law and as may be agreed to by and between the Board and Shri. Jortin Antony".

"RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, Shri. Jortin Antony shall be entitled to be paid remuneration by way of salary, perquisites and any other allowance as referred to above, not exceeding the limits specified under Section II of Part II of Schedule XIII to the Act as may be amended from time to time or any equivalent statutory enactment(s) thereof".

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to this resolution".

By Order of the Board of Directors

Kochi
23rd August, 2004

M. S. NAMBIAR
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the special business to be transacted at the meeting is annexed hereto.
4. Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2004 to 30th September, 2004 (both days inclusive) in connection with the Annual General Meeting.
5. Members are requested to intimate Share Transfer Agents, M/s. Integrated Enterprises (India) Limited, Kences Towers, No. 1, Ramakrishna Street, T. Nagar, Chennai-600017, Tamil Nadu, any change in their address immediately for future communication at the correct addresses or to their respective depository participant (DP) in case the shares are held in demat form.
6. Members holding shares in physical form can avail of the Nomination facility by filing Form 2 B (in duplicate) with the company or its Share Transfer Agents. In case of shares held in demat form, the nomination has to be lodged with your Depository Participant (DP).
7. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1997 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31-03-1997	19-09-1997	18-09-2004	18-10-2004
31-03-1998	25-09-1998	24-09-2005	24-10-2005
31-03-1999	17-09-1999	16-09-2006	16-10-2006
31-03-2000	22-09-2000	21-09-2007	21-10-2007
31-03-2001	20-09-2001	19-09-2008	19-10-2008

The unclaimed dividend in respect of the financial year 1996-97 due for transfer on 18th October, 2004 will be transferred by due date to Investor Education and Protection Fund.

8. As per Clause 49 of the Listing Agreement with Stock Exchanges, the brief background, functional expertise of the Directors proposed for appointment/reappointment are furnished below along with details of companies in which they are Directors and the Board Committees of which they are members.

Shri. V.C. Antony, aged 73 years, after his education, has involved in the business of construction management. His vast and varied practical experience in the construction field motivated him to form M/s. Bhagheeratha Engineering Limited, a Public Limited Company and assumed office of Managing Director on 26th November 1976 and continued in that position till 19th September 1997, the date on which he became the Chairman of the Company.

Details of other Directorship/Committee Memberships held by him:

Directorship	Committee Membership
Executive Chairman Techni Bharati Limited	Member, Share Transfer & Grievance Committees (Bhagheeratha Engineering Limited)
Chairman Bhagheeratha Builders Limited	
Bhagheeratha Developers Limited	
Bhagheeratha Energy Controls Limited	
Techni Soft (India) Limited	
Director Bhagheeratha Electricals & Structural Limited	
Bhagheeratha Development Finance Company Limited	
Lakeshore Hospitals & Research Centre Limited	

Shri. K.C. Joseph, aged 64 years, has vast experience of over 40 years in the field of construction besides proficiency in civil and structural design and execution.

Details of other Directorship/Committee Memberships held by him:

Directorship	Committee Membership
Managing Director Bhagheeratha Builders Limited	None
Director Bhagheeratha Electricals & Structural Limited	
Skilled Construction Company Ltd.	

EXPLANATORY STATEMENT

UNDER SEC. 173 (2) OF THE COMPANIES ACT, 1956

Item No. 6

Shri. Jortin Antony was in the over-all-charge of construction activities of several projects of the Company and at different sites and thereafter in co-ordinating matters at the Head Office. In the light of his experience, he was made Director (Projects) in which position he continued from 19th September, 1997 to till 15th August, 2000. He is also the Managing Director of M/s. Techni Bharati Limited. He has discharged his functions with considerable ability and care and he is now well versed with the affairs of the Company. Thus Shri. Jortin Antony, 36 years has had considerable experience in construction engineering. Considering his experience and contribution, the Board of Directors of the Company had recommended his appointment as Joint Managing Director of the Company for a tenure from 11th February, 2004 till the Annual General Meeting to be held in 2006. Due to his preoccupation with other pressing commitments, he has indicated that he be relieved from his duties. Hence, the Board at its meeting held on 23rd August 2004, have decided to relieve him as on 30th September 2004. However, he will continue as an ordinary Director.

The main terms of appointment of Shri. Jortin Antony, Joint Managing Director are as stated in the resolutions.

(For items not separately specified herein below, the rules of the Company shall be applicable).

Shri. Jortin Antony will hold office as Joint Managing Director for a tenure from 11th February, 2004 till 30th September 2004.

In the absence of or inadequacy of profits of the Company during this period, Shri. Jortin Antony, Joint Managing Director will be entitled to the remuneration stated in the resolutions by way of minimum remuneration.

Pursuant to the provisions of Sections 269 and 309 of the Companies Act, 1956 read with Schedule XIII to the said Act, the aforesaid terms required approval of the members in General Meeting.

Excepting, Shri. Jortin Antony, Joint Managing Director who is interested in his appointment and the remuneration payable to him and Shri. V. C. Antony, Chairman [being related to Shri. Jortin Antony], no other Director is concerned or interested in the said appointment or payment of remuneration.

The Resolutions set out in item No. 6 may be considered accordingly and the Board of Directors recommend the same for your approval.

A copy of the Service Rules for Whole-time Directors of the Company effective from 1st April, 1995 is available for inspection by the Members of the Company at the Registered Office between 9.00 a.m. to 11.00 a.m. on any working day of the Company.

By Order of the Board of Directors

Kochi
23rd August, 2004

M.S. NAMBIAR
Company Secretary

BHAGHEERATHA ENGINEERING LTD.

DIRECTORS' REPORT

To the Members

Your Directors present the 28th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2004.

Operating Results

The value of total work done during the year under review was Rs.101 Crores as compared to Rs.134 Crores in the previous year. The Company has made a profit of Rs.93 Lakhs as against a profit of Rs.33 Lakhs in the previous year.

During the past three years, the Company's operations were affected mainly on account of the clients not settling major issues/hindrances. Delays in handing over site in time; non receipt of approval for design change, variations in items/quantities, have all affected Company's planned production, which in turn is putting tremendous pressure on Company's available resources. Your Company hopes to come out of this situation in the immediate future through negotiations with the client. This has led to higher borrowings and consequent increase in finance charges.

The delays in release of payments by clients, due to various factors, have affected adversely Company's revenue and profitability. The Company's operational efficiency is being improved by a strict control on cost. Once a good level of stability in all operational areas is reached, the Company's bottom line is set to become healthier.

Dividend

With a view to conserve available profit, the Directors have decided not to recommend any Dividend.

Fixed Assets

As a Construction Company, it has continuously invested into construction equipments for effective implementation of all its projects. During the year under review the company added to its fleet of construction machinery by acquisition of new equipments at a total cost of Rs.9.36 Crores and continued maintaining the competence of the existing machinery through proper repairs and maintenance.

ISO 9002 Certification

The Company which had been certified ISO 9002 by M/s. Det Norske Veritas (DNV) in the year 2000 was upgraded to the new version of ISO 9001:2000 in 2001. M/s.DNV have certified the Company for the service ranges in "Civil Construction of Infrastructural and Industrial Projects". "Continual Improvement and Customer Satisfaction" are the main Objectives of this Version. Under the new ISO Version, the Surveillance Audit by the Certifying Agency is conducted once in six months.

Personnel

The company has 1031 employees out of which 425 belong to management and other staff and 606 skilled personnel employed at various project sites. The relation between the Management and the labour were cordial throughout the year under review. The Company gives utmost importance to safety of its employees working in various sites. Keeping in view the organizational needs, adequate training is continuously given to employees at all levels.

Business Prospects

National Highway Authority of India Limited is implementing many prestigious projects. The Company procured valuable orders mostly in joint ventures with PATI Malaysia. The value of such orders were Rs.539 Crores for the Joint Venture. Your Company is presently prequalified for large Road Projects in Sultanate of Oman, which we propose to execute, if and when received. Simultaneously, we have been qualified for a few of other projects of different nature in India.

The Company's order book position is Rs.620 Crores including Company's Joint Venture portion of Rs.269 Crores. Further, recently your Company has been awarded a contract for construction of Mines Access Road by a Company in Private Sector and is valued at Rs.29.50 Crores in the State of Orissa.

Fixed Deposit

The Company had collected Rs.3.41 Crores as deposits, as at the end of the year under review and there was no deposit, which has matured and not claimed during the year.

Directors

Shri K. T. Chandy does not seek re-election at the ensuing Annual General Meeting since he wish to retire from active life. Shri K.T.Chandy has been on the Board since 1991. He was Chairman of the Board during September, 1993 to September, 1997. Shri K. T. Chandy had actively participated in various decisions taken at the Meetings of the Board and its Committees thereof. The Company have benefited from his rich experience and contributions. The Board records its appreciation for the guidance and support provided by him during his long association with the Company.

Shri V. C. Antony and Shri K. C. Joseph will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. As required, the details concerning the Directors are included in the Notice convening the Annual General Meeting.

The Board of Directors have recommended the appointment of Shri Jortin Antony as Joint Managing Director from 11th February, 2004 till 30th September 2004 and necessary resolutions have been incorporated in the Notice of the Annual General Meeting of the Company.

Directors' Responsibility Statement pursuant to Section 217 (2AA) of the Companies Act, 1956.

The Directors hereby confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed, along with proper explanation 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 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; and
- iv) that the directors have prepared the annual accounts on a going concern basis.

Management Discussion & Analysis Report and Report on Corporate Governance

As required in terms of the Listing Agreement with Stock Exchanges, a Management Discussion and Analysis Report and a Report on Corporate Governance, are annexed.

Particulars of Employees

During the year 2003-04, none of the employees of the Company was in receipt of remuneration, in excess of the limit prescribed in Sub-Section (2A) of Section 217 of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

Audit Observation

As regards, observation of the Auditors, attention is drawn towards Note Nos. 19 and 20 of the Notes to the Annual Accounts, which are self-explanatory.

Auditors

M/s P.C.Varghese & Company, Chartered Accountants, Auditors of the Company who retire at the forthcoming Annual General Meeting are eligible for re-appointment and have expressed their willingness to accept office, if re-appointed. They have given a certificate to the effect that the re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

Subsidiary Companies

As required under Section 212 of the Companies Act, 1956, the Audited Accounts together with Directors' Report and Auditors'

Report for the year ended 31st March, 2004 in respect of the subsidiary namely; Bhagheeratha Energy Controls Limited is annexed.

Bankers

The Consortium of Bankers, consisting of the State Bank of India, Syndicate Bank, Union Bank of India and Dena Bank continued to provide their valuable support for meeting the increasing credit requirements of your Company. Your Directors wish to place on record their appreciation to them for the trust they have reposed in your Company.

Particulars pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988:**A. Conservation of Energy**

Energy conservation measures are taken in all activities of the Company by constant monitoring and implementation of measures for optimization of energy consumption.

B. Technology Absorption

In view of the nature of operations, and the fact that there is no technology to be absorbed, no significant efforts have been considered.

C. Foreign Exchange earnings and outgo

Total foreign exchange used and earned during the year.

	Current year <u>Rupees in Lakhs</u>	Previous year <u>Rupees in Lakhs</u>
Foreign Exchange used	613.68	47.68
Foreign Exchange earned	Nil	Nil

Acknowledgement

Your Directors thank the Government at the Centre and in the States, Financial Institutions, other Financing Agencies, Stock Exchanges, Sub-contractors and their staff, Consultants, Clients, Deposit holders and Shareholders for their continued support and look forward to their continued co-operation in the future. Your Directors place on record their appreciation for the contribution made by the employees at all levels.

On behalf of the Board of Directors

Place: Kochi

Date: 23rd August, 2004

V. C. Antony
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure & Developments:

In India construction is the second largest economic activity after agriculture. The total investment in Construction Sector over the next five years is expected to be more than Rs.400 billion. The road sector is being developed and implemented mainly by the National Highways Authority of India Limited. The 10th five-year plan estimates the funds requirement at Rs.2250 billion for road development at the central and state levels. The projects include Golden Quadrangle, North – South, East – West Corridor and Port Connectivity.

2. Opportunities & Threats:

The Infrastructure development activity is picking up. BEL will explore opportunities in areas like Dams, Highways, Ports, Roads, Bridges. Projects of large size are coming up in these fields. BEL has vast pool of experienced manpower and fleet of machinery. BEL has secured several new road projects wherein the margins are low mainly due to intense competition. While margins will be under continuous pressure, BEL would endeavor to stabilize it at reasonable level. Fund allocations for projects of Central and State Governments have to certainly improve. BEL is fully geared to meet the challenges to its business and is certain to succeed.

3. Performance:

BEL is three decades old strong brand in Civil Engineering and Construction with excellent track record in building bridges, dams, tunnels and canals, highways and roads, civil work for Oil & Gas and Power Sector. BEL also has built up a successful track record in executing overseas projects in Gulf.

Presently the Company is executing projects mainly in the Road and Bridge sector. The value of order book is Rs.620 Crores including joint ventures. As already reported earlier, these joint ventures are in association with PATI, Malaysia. Further, recently the Company has been awarded a contract

for constructing mines access road by a company in private sector and is valued at Rs.29.50 Crores. The Company is continuing its efforts to bag overseas projects.

4. Outlook

The Company has a comfortable order book position of about Rs.620 Crores at the beginning of the year. The investments in Fixed Assets are made each year to take care of the timely execution of various projects being handled by the company. The Current order book position is sufficient for the Company to achieve planned growth for the next couple of years.

Your Company is also actively considering participating in projects abroad and to this effect the Company has been pre-qualified in the areas of Roads & Bridges for few major projects. The Company is also exploring actively newer proposals in this direction.

Since tremendous opportunities for development and growth of construction industry offer large scope in Road, Power and Ports, the Company is active in these potential areas of the industry.

5. Risk & Concerns:

The infrastructure sector is picking up very slowly and the investments in this sector is not upto the expectations. The funds made available for development in Infrastructure sector is not forthcoming. Road Sector form major part of infrastructure development programme. But the margins in this are low and made lower due to tough competition. Hence, the Company is continuously employing various methods to implement cost reductions.

6. Internal Control Systems and their adequacy:

The Company has adequate system of internal controls in order to ensure that all assets are safeguarded against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly and applicable statutes are duly complied with. Regular internal

audits and checks are carried out to ensure that responsibilities are executed effectively and that adequate systems are in place. An Audit Committee headed by a non-executive independent Director is in place to review various areas of the control systems. The Audit Committee's observations are acted upon by the Management.

7. Material developments with Human Resources:

The Company recognizes the importance and contribution of its human resources for its growth and development and is totally committed to the development of its employees. The Company continues to make efforts to upgrade the skills and effectiveness of all its employees through various training and development programmes and initiatives. Employees/ employer relations continue to be cordial as always.

8. Financial Performance with respect to Operational Performance

The value of total work done during the year under review was Rs.101 Crores as compared to Rs.134 Crores in the previous year. The profit for the year is Rs.93 Lakhs as against a profit of Rs.33 Lakhs in the previous year. The

details of the financial performance of the Company appear in the Balance Sheet, Profit and Loss Account and other financial statements.

9. Fixed Assets

During the year under review the company added to its fleet of construction machinery by acquisition of new equipments at a total cost of Rs. 9.36 Crores and continued maintaining the competence of the existing machinery through proper repairs and maintenance and optimizing its utilization.

10. Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward-looking statement" within the meaning of applicable securities laws and regulations and have been made in good faith. Actual result could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include changes in Government regulations, tax regimes, economic developments, and delay or lack of funds with Government and their agencies, within India and other incidental factors.

Annexure to the Directors' Report**REPORT ON CORPORATE GOVERNANCE**

In compliance with the requirement of Clause 49 of the Listing Agreement with Stock Exchanges, your Company submits the Annual Report of Corporate Governance

A. COMPLIANCE OF MANDATORY REQUIREMENTS:**1. Company's Philosophy on Corporate Governance**

Your Company strongly believes that the system of Corporate Governance protects the interests of all the stakeholders by inculcating transparent business operations and accountability from management.

2. Board of Directors

The Composition, Category of the Board of Directors and their attendance at the Board Meetings during the period and at the last Annual General Meeting as also the number of other directorships and committee memberships are given below:

Name of Director	Category	No. of Board Meetings attended	Attendance at the last AGM	Number of Directorship in other companies*	Number of Committees in which member
Shri. V. C. Antony Chairman	Promoter, Non-Executive	11	Yes	9	1
Shri. K. T. Chandy	Independent, Non-Executive	2	No	1	1
Shri. K. C. Joseph	Promoter, Non-Executive	11	Yes	3	1
Shri. P. C. Chacko	Promoter, Non-Executive	6	Yes	2	Nil
Shri. T. T. Joseph	Independent, Non-Executive	10	Yes	1	2
Prof. J. Philip	Independent, Non-Executive	8	No	None	Nil
Shri. Tomy C. Madathil Managing Director	Promoter, Executive	11	Yes	6	Nil
Shri. Jortin Antony Joint Managing Director (w.e.f. 11.02.2004)	Promoter, Executive	8	Yes	11	Nil
Shri. Sunny C. Madathil Director (Projects)	Promoter, Executive	5	Yes	3	1
Shri. A. L. Thomas (Resigned w.e.f. 05.11.2003)	Independent, Non-Executive	None	No	None	1
Shri. P. C. Cyriac	Independent, Non-Executive	11	Yes	1	1

*Includes directorships held in Private Limited Companies

The Company has a Non-Executive Chairman and the number of Independent Directors is more than one third of the total number of Directors. The number of Non- Executive Directors is more than 50% of the total number of Directors. During the period under review, the Board of Directors met 11 times i.e. on 04.04.2003, 09.06.2003, 16.06.2003, 28.06.2003, 31.07.2003, 30.08.2003, 30.09.2003, 05.11.2003, 09.01.2004, 31.01.2004 and 25.02.2004. None of the Directors on the Board are members in more than ten statutory committees and they do not act as Chairman of more than five statutory committees across all companies in which they are Directors.

3. Audit Committee

Clause 49 of the Listing Agreement lists the role of the Audit Committee. The gist of the terms of reference is as follows:

- Review of the Company's financial reporting process, the financial statement and the financial policies.
- Review of the adequacy of the internal control systems and functioning of the Internal Auditing Team.
- Discussion with the Internal and External Auditors, scope of audit including the observations of the Auditors for the financial year and a joint post audit review of the same.
- Reviewing with management the annual financial statements before submission to the Board.

In addition to the above, the terms of reference also covers other matters specified under the Listing Agreement.

The Company had constituted an Audit Committee on 29th March, 2000. The Committee at present comprises of 4 Directors including 3 Independent Directors. Four (4) meetings were held during the period from the date of the last Directors' Report to the date of this Report. The attendance of members at the meetings was as follows:

Name of the Member	Status	No. of meetings attended
Shri. P. C. Cyriac, Chairman	Independent Director	4
Shri. K. T. Chandy, Member	Independent Director	—
Shri. T. T. Joseph, Member	Independent Director	4
Shri. Sunny C. Madathil, Member	Promoter Director	1

The Managing Director, the Heads of Finance & Accounts, Internal Audit and Statutory Auditors were also present. Shri M. S. Nambiar, Company Secretary, is also the Secretary of the Audit Committee.

4. Remuneration of Directors

The Company has set up a Remuneration Committee. However, the remuneration of the Managing Director & Joint Managing Director & Director (Projects) are determined by the Board of Directors ("Board") and is subject to approval of the Board and of the Company in general meeting and such other authorities as may be necessary. While so determining, the Board takes into consideration necessary factors. The Non-Whole-time Directors do not draw any remuneration from the Company except commission on net profits and sitting fees.

Details of remuneration paid to Directors for the financial year ended 31st March, 2004 is given below:

(i) Wholetime Directors:

Managing Director	Salary & Perquisites	Commission
Shri. Tomy C. Madathil	Rs. 5,46,000/-	Nil
Joint Managing Director	Salary & Perquisites	Commission
Shri. Jortin Antony (we.f. 11.02.2004)	Rs. 56,000/-	Nil
Director (Projects)	Salary & Perquisites	Commission
Shri. Sunny C. Madathil	Rs. 3,70,000/-	Nil