

20th ANNUAL REPORT

2001-02



KALYANI BRAKES LIMITED

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A JOINT VENTURE OF



Board of Directors, Committees, etc.

Directors

B N Kalyani
Chairman

Andreas Nobis

V K Viswanathan

Bernhard Bihr

Atsumu Harada
Alternate Director to Bernhard Bihr

Sanjay S. Vaidya

Hans-Michael Huber

Satish Sekhri
Managing Director

Company Secretary

M B Ratnaparkhi

Auditors

Statutory Auditors :
M/s. Bansi S. Mehta & Co.

Internal Auditors :
M/s. Price Waterhouse

Bankers

State Bank of India
The United Western Bank Ltd.
The Mizuho Corporate Bank Ltd.
Citibank N. A.

Registered Office

Aurora Towers, 4th Floor
9 Moledina Road
Pune 411 001

Audit Committee

Sanjay S. Vaidya, *Chairman*
B N Kalyani
Hans-Michael Huber

Shareholders' Grievance Committee

Hans-Michael Huber, *Chairman*
B N Kalyani
Satish Sekhri
Bernhard Bihr
V K Viswanathan

Finance Committee

B N Kalyani, *Chairman*
Andreas Nobis
V K Viswanathan
Satish Sekhri

Stock Exchanges (where the shares of the Company are listed)

- 1) Pune Stock Exchange Ltd.
Shiv Leela Chambers
Sadashiv Peth, Kumthekar Road
Pune 411 030
- 2) The Stock Exchange
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

Plant Locations

- 1) Bambhori, Tal. Erandol
Dist. Jalgaon 425 001(Maharashtra)
- 2) Nanekarwadi (Chakan)
Dist. Pune 410 501(Maharashtra)
- 3) 9, Sector 3, IMT Manesar,
Gurgaon 122 050 (Haryana)

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NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of KALYANI BRAKES LIMITED will be held at FORUM, Hotel Taj Blue Diamond, 11 Koregaon Road, Pune 411 001 on Tuesday, the 30th day of July, 2002 at 11.00 A.M. (I.S.T.) to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2002 and the Profit & Loss Account for the year ended on March 31, 2002 and Reports of the Directors and of the Auditors.
2. To declare Dividend.
3. To appoint a Director in place of MR. SATISH SEKHRI who retires by rotation; but being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED that Mr. Bernhard Bihr, who was appointed a Director of the Company to fill the casual vacancy on the Board caused by resignation of Mr. H Hemming who would have retired by rotation at this Annual General Meeting and the Company having received a Notice in writing from a member under Section 257 of the Companies Act, 1956 proposing Mr. Bihr's candidature, be and is hereby appointed a Director of the Company liable to retire by rotation."

6. To elect Mr. Sanjay S. Vaidya who was appointed as Additional Director under Article 114 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956 as a Director, and in respect of whom the Company has received a Notice in writing from a member under Section 257 of the Companies Act, 1956 proposing him as a candidate for the office of Director, liable to retire by rotation.
7. To elect Mr. Hans-Michael Huber who was appointed as Additional Director under Article 114 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956 as a Director, and in respect of whom the Company has received a Notice in writing from a member under Section 257 of the Companies Act, 1956 proposing him as a candidate for the office of Director, liable to retire by rotation.
8. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an **ORDINARY RESOLUTION** :

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 & other applicable provisions, if any, of the

Companies Act, 1956 and subject to the approval of the Govt. of India and subject to such other approvals as may be required being read with Articles 133, 135 & 136 of the Articles of Association of the Company, the services of Mr. Kazuo Matsumura as Wholetime Director of the Company be and are hereby further extended upto March 27, 2002 on the existing remuneration as under :

- 1) Basic Salary :
A Basic Salary of Rs.48,000/- (Rupees Forty Eight Thousand only) Per Month.
- 2) Special Allowance :
A Special Allowance of Rs.75,000/- (Rupees Seventy Five Thousand only) Per Month.
- 3) Accommodation :
Free Furnished Accommodation at the Company's Guest Houses in Jalgaon and Pune.
- 4) Transport :
A Car for local transportation will be provided. All expenses on running, maintenance, driver, taxes and insurances etc. for this car will be borne by the Company.
- 5) Joining Expenses :
The Company will reimburse transportation cost for return to Japan after the contract period.
- 6) Medical :
All expenses on medical including hospitalization, diagnostic checks, periodic health checks will be borne by the Company at actuals.
- 7) Leave Travel Assistance :
Once in a year free air passage for visiting home town in Japan.
- 8) Personal Accident Insurance :
Premium not to exceed Rs. 4,000/- Per Annum.
- 9) Performance Bonus :
Annual Performance Bonus, as determined by the Board, but not exceeding Rs.750 000/- Per Annum.
- 10) Terminal Benefits :
12% of Basic Salary will be contributed to Provident Fund and 15% contributed to Superannuation Fund by the company.
- 11) Minimum Remuneration :
Notwithstanding anything contained herein, where in any financial year, during the currency of tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of Salary, Special Allowance, Perquisites and Performance Bonus specified above.



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FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized and empowered to make such improvements in the terms of remuneration to Mr. Kazuo Matsumura as may become permissible under and by any amendments to Schedule XIII of the Companies Act, 1956 or by way of any government guidelines or instructions, the intention being that no further approval of the Company will be required so long as remuneration of the Wholtime Director is not in excess of the maximum permissible under relevant law, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting."

By Order of the Board of Directors
For **KALYANI BRAKES LIMITED**

M B RATNAPARKHI
DGM (FINANCE) &
COMPANY SECRETARY

Place : Pune
Date : June 14, 2002

NOTES :

1. The relative Explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of special business to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Members are requested to advise the Company immediately of any change in their addresses.
4. The Share Transfer Books and the Register of Members of the Company will remain closed from Tuesday, the 23rd day of July, 2002 to Tuesday, the 30th day of July, 2002 (both days inclusive).
5. Documents referred to in any of the items of the Notice are available for inspection at the Registered Office of the Company on any working day upto Tuesday, July 30, 2002 during business hours of the Company.

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out, as required by Section 173 of the Companies Act, 1956, the material facts relating to Item Nos. 5 to 8 mentioned in the accompanying Notice dated June 14, 2002.

Item No. 5

Mr. Bernhard Bihr was appointed as Director of the Company in the casual vacancy caused by the resignation of Mr. H Hemming. Mr. Hemming was liable to retire by rotation at this Annual General Meeting and accordingly, Mr. Bihr holds office as Director till the conclusion of the ensuing Annual General Meeting. The Company has received Notice under Section 257 of the Companies Act, 1956 from a Member proposing the candidature of Mr. Bihr to the Office of Director.

Your Directors feel that it is in the interest of the Company to re-appoint Mr. Bernhard Bihr as a Director, and accordingly recommend his re-appointment. None of the Directors of the Company is interested in the resolution except Mr. Bihr, who is proposed for re-appointment as a Director.

Item No. 6 & 7

Mr. Sanjay S Vaidya & Mr. Hans-Michael Huber were appointed as Additional Directors of the Company w.e.f. 27th March, 2002, in exercise of powers conferred under Article 114 of the Articles of Association of the Company. By virtue of provisions of Section 260 of the Companies Act, 1956, Mr. Vaidya & Mr. Huber would be holding office as Directors only upto the date of this Annual General Meeting. Notices in writing have

been received from members of the Company under Section 257 of the Companies Act, 1956 signifying their intention to propose the candidature of Mr. Vaidya & Mr. Huber to the Office of Directors. The resolutions for their appointment as Directors, liable to retire by rotation, are recommended to the members for approval.

None of the Directors of the Company is interested in the resolution except Mr. Vaidya & Mr. Huber, who are proposed for re-appointment as Directors.

Item No. 8

The present term of Mr. Kazuo Matsumura was valid upto 31st December, 2001. The Board of Directors in its meeting held on January 21, 2002 extended the term of Mr. Matsumura, Wholtime Director, upto 31st December, 2002 subject to Govt. of India's approval. However, Mr. Matsumura resigned from the services of the Company as Wholtime Director w.e.f. 27th March, 2002. Approval of the Members is sought at this Annual General Meeting for the extension in terms of Mr. Matsumura as set out in the text of the resolution. This statement read alongwith the resolution may be deemed as an abstract of the terms of extension in services of Mr. Kazuo Matsumura as Wholtime Director, to be sent to the Members of the Company in terms of Section 302 of the Companies Act, 1956.

By Order of the Board of Directors
For **KALYANI BRAKES LIMITED**

M B RATNAPARKHI
DGM (FINANCE) &
COMPANY SECRETARY

Place : Pune
Date : June 14, 2002

DIRECTORS' REPORT

For the year ended March 31, 2002

To

The Members

The Directors present their Twentieth Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the Financial Year ended on March 31, 2002.

For the year ended 31st March 2002, your Company achieved a total income of Rs.1 939 Million, (previous year Rs.1 563 Million) and Profit Before Tax at Rs.165 Million (previous year Rs.96 Million). This was possible due to many initiatives taken by your Company like offering upgraded brake systems and entering new segments of business. Your Company plans to further build on these growth avenues and therefore looks at coming 2 to 3 years with optimism for overall improvement in performance.

FINANCIAL RESULTS

	2001-2002 Rupees	2000-2001 Rupees
Sales and Other Income	1 939 312 392	1 562 698 836
Profit for the year	164 942 413	95 852 229
Profit After Tax	124 358 413	86 011 988
Add : Balance brought forward from last year	116 082 015	59 483 913
Net Profit available for appropriation	161 640 428	145 495 901
Appropriation		
Dividend (including tax)	62 379 000	22 913 886
Transfer to General Reserve	12 500 000	6 500 000
Transfer to Deferred Tax Reserve	78 800 000	—
Surplus retained in Profit & Loss Account	86 761 428	116 082 015

DIVIDEND

Your Directors recommend a dividend of 60% (Rs.6/- per Equity Share of Rs.10 each) for the year ended March 31, 2002. This would absorb Rs. 62.379 Million.

OPERATIONS**A) Conservation of Energy :**

As a measure of energy saving and cost control, your Company took various actions. For electrical energy saving, the measures taken were –

- (i) setting up energy consumption monitoring system on major machines to monitor electrical consumption, (ii) maintaining power factor to minimize losses, (iii) commissioning automatic power factor improvement relay on MSEB incoming panel, (iv) replacing conventional lights by low-power high lumen tube-lights, (v) replacing water pipelines of cooling towers and eliminating continuous running of pumps, (vi) modifying circuits of motors from Delta to Star connections, (vii) carrying out extensive audit on all the points, (viii) rectifying the related areas for avoiding wastage of compressed air and (ix) installing foot switches on all measuring gauges to avoid wastage of compressed air.

These efforts resulted in significant reduction in consumption of electric energy and fuel. Our Industry is not specified in the Schedule to Form "A" of the Annexure to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. We have, however, planned further actions for energy conservation.

B) Technology Absorption :

The efforts made in technology absorption are given in the prescribed Form "B" as Annexure "A" to this Report.

C) Foreign Exchange Earnings and Outgo :

- (i) During the year, the Company increased its exports and earned Foreign Exchange equivalent to Indian Rs. 53 136 619.
- (ii) The foreign exchange outgo on account of import of Components, Capital Goods, Spares, Royalty etc. was of the order of Rs. 153 048 519.

DIRECTORS' RESPONSIBILITY STATEMENT

As per Section 217(2AA) of the Companies Act, 1956, Directors hereby state as under :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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 ended March 31, 2002 and of the profit of the company for that period;
- 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;
- that the Directors have prepared the annual accounts on a going concern basis.



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INDUSTRIAL RELATIONS

Industrial relations at all plants and offices continue to be cordial.

SUBSIDIARY

A statement pursuant to Section 212 of the Companies Act, 1956, relating to Precision Seals Mfg. Ltd., a subsidiary of the Company, as on 31st March, 2002, is attached to the Accounts of the Company.

Consolidated financial statements of the Company alongwith its Subsidiary and the Auditors' Report thereon, as on 31st March, 2002, are attached to the Accounts of the Company.

PARTICULARS OF EMPLOYEES

The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time and forming part of this Report, is annexed herewith as Annexure "B".

PROMOTERS

M/s. NABCO Ltd., Japan, one of the promoters of the Company, have sold their equity stake in the Company to the other two promoters viz. M/s. Robert Bosch Corporation, USA and Kalyani Group of India, in equal proportion.

DIRECTORS

During the year under report :

Messrs. H Furuta, K Matsumura & K Tsunakawa, Directors nominated by NABCO Ltd., Japan, resigned from the Board.

The Directors place on record their sincere appreciation of the valuable contributions made by Messrs. H Furuta, K Matsumura & K Tsunakawa for the Company's growth & development during their long association with the Board.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Satish Sekhri, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

Mr. Bernhard Bihr, who was appointed as Director on the Board in the casual vacancy caused by resignation of Mr. H Hemming, holds office till the ensuing Annual General Meeting. A Notice proposing appointment of Mr. Bihr as Director having been received, the matter is included in the Notice for the ensuing Annual General Meeting.

Mr. Sanjay S. Vaidya has been appointed as Additional Director from 27th March, 2002. Mr. Vaidya, 46, is a Chartered Accountant and Graduate in Cost & Works Accounts. Mr. Vaidya holds office as Director upto the

date of the ensuing Annual General Meeting to be held on 30th July, 2002. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his appointment as Director, liable to retire by rotation.

Mr. Hans-Michael Huber has been appointed as Additional Director from 27th March, 2002. Mr. Huber, 42, has a Diploma in Economics from Tubingen University and studies in Economics from Munich and Paris Universities. Mr. Huber holds office as Director upto the date of the ensuing Annual General Meeting to be held on 30th July, 2002. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his appointment as Director, liable to retire by rotation.

AUDITORS

M/s. Bansi S. Mehta & Co., Chartered Accountants, Mumbai, the Auditors of the Company, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. You are requested to re-appoint Auditors for the current year to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

CORPORATE GOVERNANCE

The Companies Act, 1956 and the Listing Agreement with the Stock Exchanges require the compliance with specified Corporate Governance practices. These practices have been fully implemented and a certificate from the auditors of the Company as well as a detailed Report on Corporate Governance, approved by the Board of Directors of the Company, is set out in the Annexure to the Directors' Report.

A Management Discussion and Analysis Report also accompanies this Report of the Directors.

APPRECIATION

Your Directors wish to place on record their appreciation for the co-operation and help received from the Govt. of India, Govt. of Maharashtra, Govt. of Haryana, Financial Institutions & Banks and the timely help and assistance from our Promoters, M/s. Kalyani Steels Limited & Associates, Robert Bosch Corporation and NABCO Ltd. The Directors would like to place on record their appreciation of the unstinted efforts and contributions made by the Management Team and the employees of the Company at all levels.

For and on Behalf of the Board of Directors,

Pune
Dated : June 14, 2002

B. N. KALYANI
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - A

FORM "B"
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R&D) -

1. Specific areas in which R&D carried out by the Company : During the year, design, development & application engineering was carried out mainly for the new business areas of motor-cycle and agriculture tractor brakes
2. Benefits derived as a result of the above R & D : The base technology for initial applications is imported from respective collaborators. Thereafter its application to other models is done. If this was to be imported, it would have cost approx. Rs. 9 million in foreign exchange.
3. Future Plan of action : Development of Tractor & Two Wheeler brakes of different sizes & types. Development of items for various European & Japanese origin cars being launched in India.
4. Expenditure on R&D :
 - a) Capital : Approximately Rs. 0.50 million
 - b) Recurring : Approximately Rs.13.31 million
 - c) Total : Approximately Rs.13.81 million
 - d) Total R&D expenditure as a percentage of total turnover : 0.93%

Technology absorption, adaptation and innovation -

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : For passenger cars, successful adaptations were made for a 5" vacuum booster and a blend valve.
For motor cycle brakes, Brembo designs were adapted and applied on different Indian models. For agriculture tractors, application engineering was done with Indian tractor manufacturers to homologate Titan brakes.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, Product development, import substitution, etc. : Due to such innovative adaptation, the Company could -
a) get business from Indian customers and
b) substitute import and save valuable foreign exchange.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :
 - (a) Technology imported
 - (b) Year of Import
 - (c) Has technology been fully absorbed ?
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.
 - i) Motorcycle brakes - The technology, acquired in 1998-99, has been absorbed to a large extent. Full absorption will happen in next 2 years.
 - ii) Tractor brakes - Various applications of the technology, acquired in 1998-99, will continue for next 2 to 3 years.
 - iii) Brake shoes - Technology for Bonded brake shoes, acquired in 2000-01, has been absorbed.
Commercial application of above technologies has started. Full benefits will be received over the next 2 or 3 years.

ANNEXURE - B

Information required as per Section 217 (2A) (b) (ii) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2002

Sr. No.	Name	Age	Qualification & Experience	Designation/ Nature of duties	Gross Remuneration	Date of commencement of employment	Particulars of past Employment, Designation held, Organisation and Period
1	2	3	4	5	6	7	8
1	MATSUMURA K.	49	B.E.(MECH.) 28 years	WHOLE TIME * DIRECTOR	2 430 943	19/01/1996	MANAGER NABCO LTD., JAPAN 22 Years
2	SEKHRI S.	52	B.E.(MECH.), M.B.A. 28 years	MANAGING DIRECTOR	3 600 000	04/08/1994	VICE PRESIDENT (ENGG. DIVISION) ESCORTS LTD. 3 1/2 years

Notes :

- 1) *Resigned as Wholetime Director w.e.f. 27/3/2002 and appointed as Technical Adviser w.e.f. 28/3/2002.
- 2) Designation denotes the nature of duties also.
- 3) Gross remuneration includes salary, Company's contribution to provident fund and superannuation scheme, allowances, perquisites, etc.
- 4) Nature of employment and terms and conditions are contractual.
- 5) None of the above employees is related to any of the Directors of the Company.
- 6) Experience includes number of years of service elsewhere wherever applicable.

For and on Behalf of the
Board of Directors,**B. N. KALYANI**
ChairmanPlace : Pune
Date : June 14, 2002



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REPORT ON CORPORATE GOVERNANCE

This chapter of the report, plus the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitute the compliance report on corporate governance during 2001-2002.

Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all interactions with its stakeholders including the shareholders, employees, government and lenders. Company is committed to achieve the highest standards of corporate governance. Company believes that all its operations and actions must serve the underlying goal of enhancing customers satisfaction & shareholder value, over a sustained period of time.

Board of Directors

The Board of Directors of KBX comprises four promoter directors (one non-executive chairman and three non-executive directors), a managing director and two independent non-executive directors.

Number of Board Meetings

During the year 2001-02, the board met six times on 17th April, 21st May, 23rd July, 22nd October, 21st January & 27th March.

The Board of Directors meet as often as required being not less than four times a year.

Directors' Attendance Record and Directorships

The following table gives details of directors, attendance of directors at the board meetings and at the last annual general meeting, number of memberships held by directors in the board/committees of various companies :-

Name	Category	Pecuniary Business Relationship	Attendance Particulars		Number of other Directorships and Committee Member/Chairmanships		
			Board Meetings	Last AGM	Other Directorships	Memberships	Chairmanships
B N Kalyani (Chairman)	Promoter, Chairman, Non-Executive	Nil	6	Yes	14	5	2
A Nobis	Promoter, Non-Executive	Nil	2	No	5	2	—
B Bihr	Promoter, Non-Executive	Nil	1	No	—	1	—
A Harada ***	Promoter, Non-Executive	Nil	—	No	2	—	—
V K Viswanathan	Promoter, Non-Executive	Nil	4	Yes	4	3	—
H Furuta *	Promoter, Non-Executive	Nil	—	No	—	—	—
K Tsunakawa *	Promoter, Non-Executive	Nil	—	No	—	—	—
K Matsumura *	Promoter, Executive	N. A.	6	Yes	—	—	—
S Sekhri	Executive	N. A.	6	Yes	1	3	—
S S Vaidya **	Non-Executive, Independent	Nil #	—	No	3	2	4
H M Huber **	Non-Executive, Independent	Nil	—	No	—	1	1

* Ceased to be a Director with effect from 27th March, 2002

** Appointed as Additional Directors with effect from 27th March, 2002

*** Appointed as Alternate Director to Mr. B Bihr with effect from 17th April, 2001

Partner in M/s. Kunte, Vaidya & Co., Tax Advisor of the Company.

None of the Directors is a member of more than 10 Board-level committees of public companies in which they are Directors, or Chairman of more than five such committees.

Disclosure of Interest

Directors furnish Notice of Disclosure of Interest as specified in Section 299(1) of the Companies Act, 1956. The Company maintains Register of Contracts, Companies and Firms in which Directors are interested as provided under Section 301(1) of the Companies Act, 1956.

Remuneration Committee

Kalyani Brakes does not have a Remuneration Committee. Detailed terms of appointment of the Managing Director and the Wholetime Director are governed under Board and Members' resolutions.

None of the employees are related to any of the Directors.

Audit Committee

The Audit Committee of the Company was constituted in September, 1993 & reconstituted in January 2001. During the year 2001-02, the committee met on 30th April, 2001, 22nd October, 2001 & 13th February, 2002. Particulars relating to the attendance at the Audit Committee meetings held during the year are given below :

Name of the Director	No. of meetings	
	Held	Attended
Mr. B N Kalyani, <i>Chairman</i>	3	3
Mr. H Furuta	3	—
Mr. V K Viswanathan	3	3
Mr. B Bihir	3	—
Mr. S Sekhri, <i>Permanent Invitee</i>	3	3

The Audit Committee has since been reconstituted in March, 2002 and consists of qualified and non-executive Directors. It comprises of Mr. S S Vaidya, an Independent Director as Chairman, Mr. H M Huber (Independent Director) and Mr. B N Kalyani. The constitution of Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

As per the terms of reference prescribed by the Board, the committee performs such duties and tasks as are assigned to it by the Board. The managing director is invited to attend the meetings of the Audit Committee as a permanent invitee. The committee has access to all records of the Company. The committee reviews the reports of the internal and statutory auditors, internal audit systems and procedures, internal control systems, etc. and also addresses the requirements of the Companies Act, 1956 and the Listing Agreement with the stock exchanges.

Share Transfer Committee

The Share Transfer Committee comprises of Mr. B Bihir & Mr. S Sekhri with Mr. B N Kalyani as the Chairman of the committee. Any two members of the committee constitute the quorum. The committee meets once in a month to approve the transfer, transmission, consolidation, sub-division, issue of duplicate certificates and requests for dematerialisation of company's shares. During the year under report, 14 meetings of the Share Transfer committee were held.

With effect from 27th March, 2002, to facilitate prompt services to the shareholders, the Company Secretary has been authorised to approve transfer, transmission, transposition, transmutation, dematerialisation not exceeding 100 shares per folio per occasion. These are processed on a weekly basis. All other transactions are processed on a fortnightly basis.

Shareholders'/Investors' Grievance Committee

With effect from 27th March, 2002, the Board of Directors constituted Shareholders'/Investors' Grievance Committee comprising of Mr. Hans-Michael Huber as Chairman, Mr. B N Kalyani, Mr. S Sekhri, Mr. B Bihir & Mr. V K Viswanathan. The Committee looks into redressing of shareholders'/investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investor services.