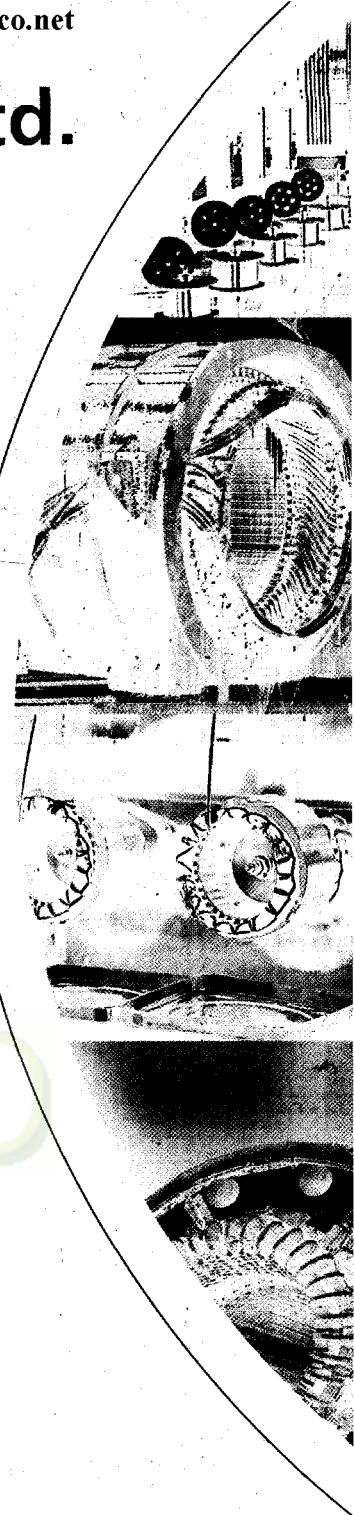


# Beck India Ltd.

**Annual Report 2003**



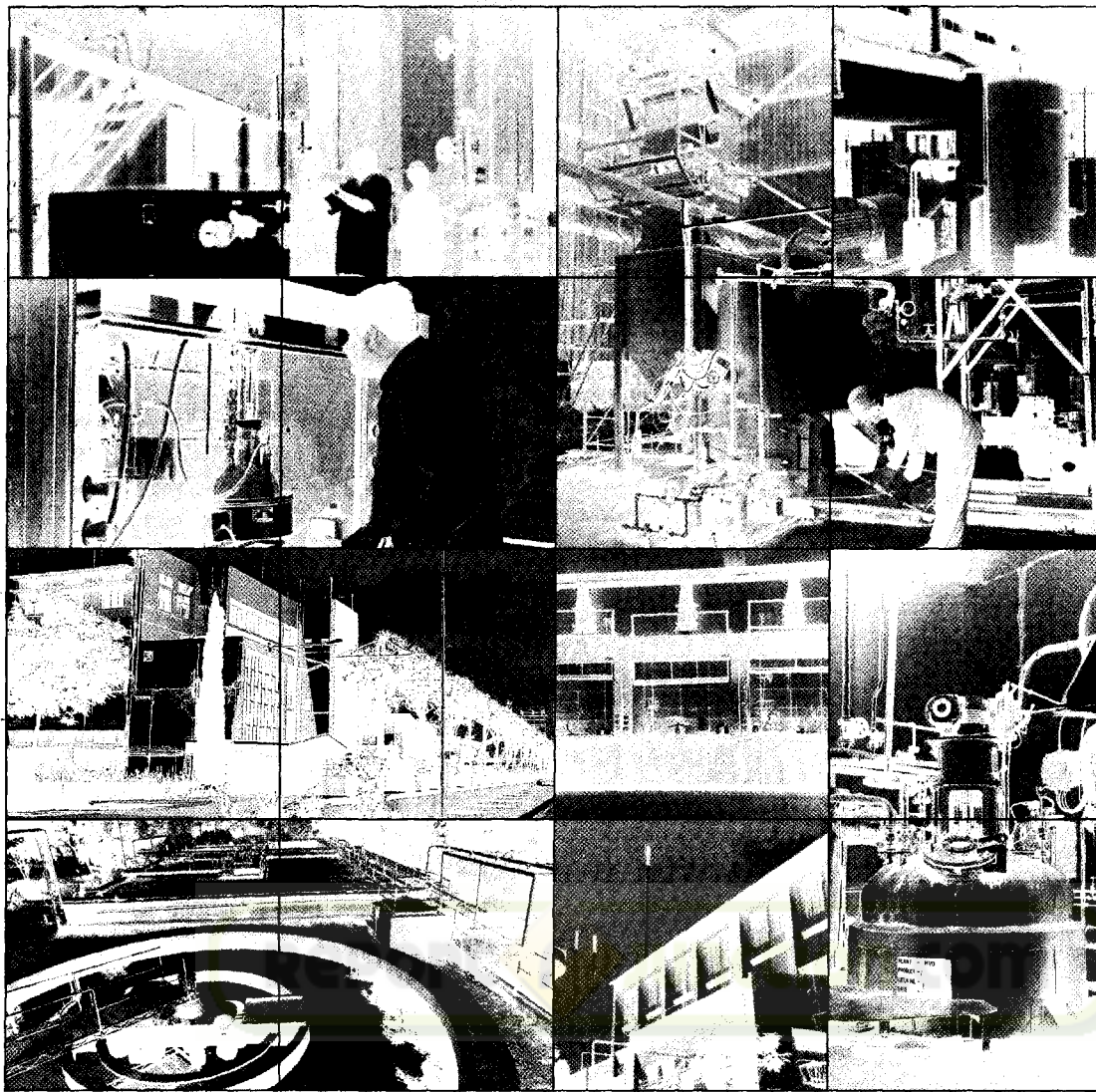
**Partners in  
Customers' Success**



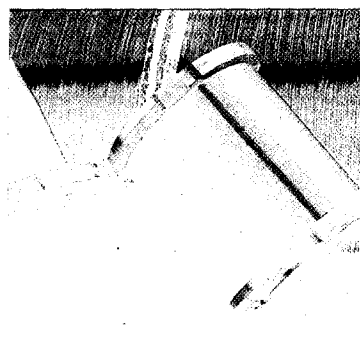
**ALTANA  
Electrical Insulation**

**Beck India Ltd.**

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## Beck India Electrical Insulation Systems



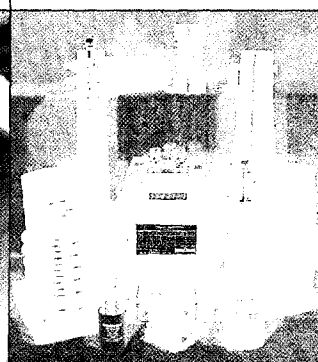
Wire Enamels



Varnishes



Impregnating Resins



Casting & Potting Compounds

**Board of Directors**

Dr. Matthias Wolfgruber  
*Chairman*

Dr. Christoph Schlünken

Dr. Guido Forstbach

Mr. Martin Babilas

Mr. R. K. Kulkarni

Mr. Pradeep Mallick

Mr. S. N. Talwar  
*(Alternate to Dr. Matthias Wolfgruber)*

Mr. P. V. Deshpande  
*(Alternate to Dr. Christoph Schlünken)*

Mr. S. R. Shetye  
*(Alternate to Dr. Guido Forstbach)*

Mr. R. M. Bhide  
*(Alternate to Mr. Martin Babilas)*

Mr. M. Tandon  
*Managing Director*

**Company Secretary**  
 Mr. Devdatta Buche

**Auditors**  
 Bharat S. Raut & Co.  
*Chartered Accountants*

**Internal Auditors**  
 Mahajan & Aibara  
*Chartered Accountants*

**Solicitors**  
 Crawford Bayley & Co.

**Bankers**  
 Bank of Baroda  
 The Bank of Nova Scotia

**Registrars & Share Transfer Agents**  
 Sharepro Services,  
 Mumbai

**Registered Office**

'Arcadia', 10th Floor,  
 195, Nariman Point,  
 Mumbai 400 021

**Corporate Office**

'Beck House',  
 off Law College Road,  
 Pune - 411 004

**Works**

147, Bombay-Pune Road,  
 Pimpri, Pune 411 018

Plot No. 1 (A, B & C),  
 GIDC Industrial Area,  
 Ankleshwar 393 002

**Regional Offices**

Bangalore, Kolkata, Mumbai, New Delhi

**Website:** <http://www.beckindia.com>

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## Directors' Report

To the Members,

Your Directors have pleasure in presenting the Forty Eighth Annual Report and the Audited Accounts for the financial year ended on December 31, 2003.

### Financial Highlights

	(Rs. in Millions)	
	Year ended	Period of Nine months ended
	31.12.2003	31.12.2002
Income from operations	<b>884.04</b>	605.06
Profit before Interest & Depreciation & Tax	<b>119.54</b>	82.76
Depreciation	<b>16.40</b>	11.38
Interest	<b>1.14</b>	0.32
Profit Before Exceptional Items & Tax	<b>102.00</b>	71.06
Add: Exceptional Items	<b>37.91</b>	—
Provision for tax	<b>114.19</b>	23.70
Net Profit	<b>25.72</b>	47.35
Profit & Loss Account brought forward	<b>83.25</b>	44.97
Amount transferred from Export Incentive Reserve Account	—	18.86
Profit Available for appropriation	<b>108.97</b>	111.18
<b>Appropriations:</b>		
Interim Dividend	<b>79.83</b>	7.93
Tax on Interim Dividend 2003	<b>10.23</b>	—
Transfer to General Reserve	<b>2.57</b>	20.00
Carried to Profit & Loss Account	<b>16.34</b>	83.25

### Performance

The sales performance of Rs. 843 millions for the year ended December 31, 2003 is 9% higher than the sales performance for the previous period of 9 months ended December 31, 2002 of Rs. 580 millions, taken on an annualized basis. In quantitative terms, a similar comparison reveals a growth in sales volume of 6%, for the year under review.

The aforesaid growth in sales as well as an improvement in other operational parameters have resulted in an appreciable increase in Profit Before Exceptional Item and Tax. However, Profit after Tax in 2003 is not comparable with the previous period on account of the following.

- Exceptional Item comprising Profit from the Sale of the Performance Resins Business and two properties in Mumbai (net of taxes);
- Reversal of Income tax benefits availed in earlier years under Section 72A;
- Provision for additional Income-tax liabilities pertaining to earlier years, which the Company continues to contest.

### Divestiture of Business

Schenectady International Inc. (SII) sold its Global Electrical Insulations business to the Altana Chemie Group of Germany, as a part of a global strategy aimed at re-organisation and rationalisation of its business. As a consequence, SII sold its 82.71% holding in Schenectady-Beck India Ltd., to the Altana Chemie Group, effective August 12, 2003.

In accordance with the agreement between SII and Altana, the business of Performance Resins for the tyre & adhesive industry, together with the plant at Lote Parshuram and two properties in Mumbai were divested to a nominee of SII viz. Schenectady Herdillia Ltd. These transactions were duly approved by the shareholders on July 11, 2003, by postal ballot.

Following the separation of Company from SII Group, the Company's name was changed to Beck India Limited, with effect from September 26, 2003.

### Dividend

Consequent upon the sale of Performance Resins Business and two properties in Mumbai, the Company paid a special dividend in the form of an Interim Dividend of Rs. 10.07 per share for the year 2003. This dividend represented the distribution of the proceeds (net of taxes) from sale of the Performance Resins Business and two properties, and was paid out from the accumulated balance in the Profit & Loss Account.

In view of the above, the Directors do not recommend any further dividend for the year.

### Open Offer to the shareholders

In terms of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Altana Electrical Insulation GmbH along with Altana AG and Altana Chemie AG made an Open Offer for purchase of equity shares, to the remaining shareholders of the Company on June 6, 2003 at a basic price of Rs. 75.27 per share plus an additional amount towards Purchase Price Adjustment to be calculated as per the terms mutually agreed between SII and Altana. The basic price and the amount towards Purchase Price adjustment were accordingly paid to shareholders whose shares were accepted in the Open Offer.



Consequent upon satisfactory conclusion of the Open Offer, the Altana Group's aggregate shareholding in Beck India Ltd. is now 88.55%.

### Altana Chemie Group

Altana AG is a strategic management holding company of the Altana Group, with interests in Pharmaceuticals and Chemicals. Altana AG is located at Bad Homburg, Germany and operates through two entities viz. Altana Pharma AG and Altana Chemie AG. Altana AG is listed on Frankfurt and New York Stock Exchanges.

Altana Chemie AG headquartered at Wesel, Germany, is a 100% affiliate of Altana AG. Altana Electrical Insulation GmbH also located at Wesel, Germany, is a wholly owned subsidiary of Altana Chemie. Altana Electrical Insulation GmbH is a strategic management holding Company of the Electrical Insulation business, of which Beck India Ltd. is now a constituent.

### Current and Future Outlook

Consequent to the revival of the Electrical Industry as well as the economy in general, the demand for the Company's products in Wire Enamels and Varnishes as well as Construction Chemicals has improved appreciably, resulting in increased sales turnover. This trend has continued well into the current financial year and barring any unforeseen circumstances, is expected to sustain itself through to end of the year. However, this optimistic outlook should be tempered by the recent increase in prices of petroleum-based raw materials, consequent to rising crude oil prices.

The recent integration of Beck India Ltd. into the Altana Chemie Group will benefit the Company in terms of access to a wider product range in electrical insulations, and commercial synergies arising out of being member of a Global Group.

### Directors

Consequent to transfer of the controlling interest of Schenectady Group in the Company to Altana Group, Dr. Matthias Wolfgruber, Dr. Christoph Schlünken, Dr. Guido Forstbach & Mr. Martin Babilas were appointed as the additional Directors with effect from July 5, 2004 to hold the office up to the ensuing Annual General Meeting, at which it has been proposed to appoint them as the Directors of the Company.

The nominees of Schenectady Group viz. Mr. Wallace Graham, Ms. Ashley Palm, Ms. Heather Ward and Mr. A. M. MacCormick resigned from the Board with effect from July 5, 2004. The Board wishes to record its deep appreciation of their valuable advice and guidance during their association with the Company.

Mr. Suresh Talwar was appointed as an additional Director with effect from April 29, 2004. He resigned

with effect from July 5, 2004 and was appointed as an Alternate Director for Dr. Matthias Wolfgruber.

Mr. Prashant Deshpande, Mr. Sharad Shetye and Mr. Rajeev Bhide were appointed as Alternate Directors for Dr. Christoph Schlünken, Dr. Guido Forstbach and Mr. Martin Babilas, respectively.

Mr. Matthias Wolfgruber has been appointed as the Chairman of the Board of Directors.

Mr. Pradeep Mallick and Mr. Ravindra Kulkarni will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

As required under the Listing Agreement, particulars of directors seeking appointment at the ensuing Annual General Meeting have been attached to the Notice of the meeting.

None of the directors are disqualified from being appointed as directors, as specified in Section 274 of the Companies Act, 1956.

### Corporate Governance

The Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the listing agreement of the stock exchanges, at which the company is listed, are complied with. A separate Report on Corporate Governance is annexed along with the Auditor's Certificate on its compliance. The Management Discussion and Analysis Report also form a part of this report.

### Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, after due inquiry and on the basis of the information received from the operating management and relying upon the report of the auditors regarding compliance with the Accounting Standards, Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
2. the accounting policies have been consistently applied and reasonable and prudent judgement and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at December 31, 2003 and the Profit for the year ended on that date;
3. proper and sufficient care has been taken 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;

4. the annual accounts have been prepared on a going concern basis.

#### **Fixed Deposits**

During the year the Company has not accepted any Fixed Deposits. As of December 31, 2003, eight deposit accounts amounting to Rs. 47,000/-, which, though matured, had remained unclaimed. Depositors were intimated regarding the maturity of deposits with a request to claim their deposits.

#### **Cost Audit**

M/s Dhananjay V. Joshi & Co., Cost Accountants have been re-appointed for the year 2004 to conduct the audit of the cost accounts maintained by the Company in respect of Synthetic Resins.

#### **Auditors**

The Auditors M/s Bharat S. Raut & Co., Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee recommends the re-appointment of M/s Bharat S. Raut & Co., as Auditors for the year 2004. The Company has received a letter from retiring auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

#### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo**

Information as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo is given in Annexure A to this report.

#### **Particulars of Employees**

Information to be provided under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forming part of this report is given in Annexure B.

#### **Industrial Relations**

Industrial Relations continued to be cordial during the year under review. The Board wishes to place on record its appreciation to all employees of the Company for their continued contribution to the performance of the Company.

For and on behalf of the Board

M. Tandon  
*Managing Director*

S. N. Talwar  
*Director*

Mumbai  
 July 5, 2004

## Annexure A to the Directors' Report

Additional information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### A. CONSERVATION OF ENERGY:

#### (a) Following measures were taken to conserve energy:

- Installation of energy efficient variable frequency drives for agitators & pumps at Pimpri.
- Electricity conservation at Pimpri by recycling of water.
- Energy conservation by use of Air Operated Diaphragm pumps.
- Instrumentation & Automation Project at Pimpri for centralization of production activity completed.
- Energy efficient water pump and motor replacement.
- Energy efficient (F-Class) motor to replace 20-year-old motors.
- Above ground tank installed for Raw Material handling instead of handling in drums.

#### (b) Energy saving measurement at Corporate Office:

- Electronic ballast for tube lights.

#### (c) Additional investments and proposals being implemented for reduction of consumption of energy:

- Variable frequency drives for agitators and pumps.
- Installation of Energy efficient screw compressor in place of reciprocating compressor at Pimpri.
- Instrumentation & Automation Project for process Improvement/Addition of new product recipes.
- Replacement of old 1000U Thermopac with Energy efficient Thermopac TPB10 model.
- Improvement in effluent treatment plant operation at Pimpri and Ankleshwar sites.

#### (d) Impact of (a), (b) and (c) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- Overall savings in energy consumption resulting in reduction of electricity and fuel per metric tonnes of production.
- Savings on electricity bills by way of incentive, as power factor is maintained at 0.99 to Unity at all sites.

### (e) Total Energy Consumption and Energy Consumption per Unit of Production:

Particulars	Year ended on December 31, 2003	Period of 9 months ended on December 31, 2002
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
1. Electricity		
(a) Purchased Unit (KWH in lakhs)	<b>21.18</b>	16.21
Total KWH		
Total amount (Rs. lakhs)	<b>91.21</b>	72.81
Rate/KWH (Rs.)	<b>4.31</b>	4.49
(b) Own generation		
(i) Through Diesel Generator		
Units (KWH in lakhs)	<b>1.07</b>	0.85
Units per ltr. of Diesel Oil	<b>2.63</b>	2.67
Cost/Unit (Rs.)	<b>8.97</b>	7.85
(ii) Through Steam turbine/generator		
Units (KWH)	—	—
Units per ltr. of fuel/gas	—	—
Cost/Unit (Rs.)	—	—
2. Coal		
Quantity (Tonnes)	—	—
Total amount (Rs. lakhs)	—	—
Cost/Unit (Rs.)	—	—
3. Furnace Oil (LDO)		
Quantity (K. Ltrs.)	<b>375.87</b>	339.98
Total amount (Rs. lakhs)	<b>62.80</b>	44.25
Average Rate (Rs./KL)	<b>16,707.90</b>	13,015.47
4. Natural Gas		
Quantity (KM3)	<b>298.91</b>	179.75
Total amount (Rs. lakhs)	<b>26.73</b>	15.68
Rate (Rs./KM3)	<b>8.94</b>	8.73
<b>B. CONSUMPTION PER M.T. OF PRODUCTION</b>		
Products : Wire Enamels, Impregnating Varnishes & Synthetic Resins		
Electricity (KWH)	<b>265.37</b>	285.90
Furnace Oil (LDO)	<b>44.82</b>	56.98
Coal	—	—
Natural Gas	<b>35.65</b>	30.13
Others	—	—

**B. TECHNOLOGY ABSORPTION :**
**1. Specific areas in which R & D carried out by the Company.**

The Research and Development Centre was engaged in the development of new synthetic insulation materials for the electrical as well as cable and winding wire industries and coatings and sealants for the construction industry.

**2. Benefits derived as a result of the above R & D.**

Some of the new products introduced and process improvements conducted are:

- Self-lubricating polyamide imide wire enamel.
- Epoxy compound with improved electrical and thermal properties for auto components.
- Improved epoxy hardeners for auto components and sealants.
- Faster curing and light coloured epoxy adhesive.
- Polyurethane based coatings for floors and walls

**3. Future plan of action.**

- Polyesterimide wire enamels suitable for high speed enamelling machines.
- Flame retardant flexible epoxy system for auto components.
- Water based epoxy and polyurethane system for floor coating applications.
- Epoxy polyurethane self leveling floor coatings for Food and Pharma industry.

**4. Expenditure on R & D**

(Rs. Lacs)

	Year ended on 31.12.2003	Period of 9 months ended 31.12.2002
a. Capital	20.48	4.73
b. Recurring	78.02	49.19
c. Total	98.50	53.92
d. Total R & D expenditure as a percentage of total turnover	1.11	0.92

**5. Technology absorption, adaptation & Innovation:**

The technology received from our collaborators in respect of new product is modified to suit customers' needs.

Information regarding technology imported during the last five years:

Technology Imported	Year of Import	Has the Technology been fully absorbed	If not when to be absorbed
1. Know-how for Constructions Chemicals	1998	Yes	Not applicable
2. Technology and know-how for Wire Enamels, Insulating Varnishes and Heat Bonding Wire Enamels	1999	Yes	Not applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information regarding foreign exchange earnings and outgo is contained in Note No. 27 to the financial statements.

**Annexure B to the Directors' Report**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31st March, 2003.

1. Name	Mr. Manu Tandon
2. Designation	Managing Director
3. Remuneration subject to tax (Rs.)	3,335,788/-
4. Qualifications	B.Com., F.C.A (England & Wales)
5. Age and experience (Years)	60/35
6. Date of Commencement of employment	01.01.1996
7. Last employment held, Designation and Organisation	Chief Executive — Finance & Personnel BASF INDIA Ltd., Mumbai

**Notes:**

1. The nature of employment is contractual.
2. Other terms and conditions: As per Company's Rules.
3. Gross remuneration includes allowances, Company's contribution to provident fund, provision for medical entitlement as per Company rules, monetary value of perquisite as per Income tax Act/rules and does not include provisions for leave encashment, premium for gratuity & group insurance.





**ALTANA**  
Electrical Insulation

**Beck India Ltd.**  
(formerly known as Schenectady-Beck India Limited)

## Management Discussion and Analysis Report

Wire Enamels & Varnishes and Construction Chemicals are the two business areas of your Company. Following is a brief summary of the functioning of the two segments for the year 2003.

### Wire Enamels & Varnishes

The Power Sector in general, and the Electrical Industry in particular, has performed reasonably well during 2003. Indian Electrical & Electronic Manufacturer's Association (IEEMA) now forecasts a double-digit growth. One of the major milestones has been enactment of The Electricity Bill 2003, which is expected to provide necessary impetus to the growth of the Power Sector.

The Electrical Industry is concerned about the growing price levels of both, ferrous and non-ferrous metals. Prices of all metals like Copper, Aluminium, Zinc, Steel, etc., have firmed up in the recent past and continue to rise unabated. These metals are key raw materials for all the major segments of electrical equipment industry. With little scope to negotiate price levels of these metals, industry leaders now predict a situation of high growth, but moderate profit levels.

The Electrical Insulation business of your company, comprising Wire Enamels and Varnishes, has retained its market leadership in the growth of the electrical industry, although competition continues to be intense in the high volume commodity segments. For the growing speciality segments, the company is aiming at further consolidation with strategic market positioning, whilst exploiting synergies arising out of Altana's global market leadership.

### Resins

#### Construction Chemicals

The Company's Construction Chemical business comprises Coatings, Sealants and Admixtures for structural repairs, industrial floorings, protective coatings and waterproofing. Within this range, the business is segmented between Project and Retail.

The Project business particularly has shown promising growth in the first quarter, in Pharma & Food segment. The Company now offers full range of epoxy polyurethane flooring and coatings with anti-microbial properties for the Pharma, Food and Dairy Industry. The Company also offers speciality primers, adhesives and thermoplastic paints for road marking applications. The focus is essentially in the high value niche areas of the Construction Chemicals market.

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, there was an improvement in the Company's operational performance, registering a 5% increase in production volume and 6% in sales volume, compared with the previous period, on an annualized basis. A comparison between the Profit before Exceptional Item and Tax during the current year and the previous period when annualized, indicates an increase of 8%. Profit after Tax, however, is not comparable with the previous period of nine months on account of (a) An exceptional item of Profit from the sale of Performance

Resins Business and properties in Mumbai (net of taxes), (b) reversal of Income tax benefits availed in earlier years under Section 72A and (c) Provision for additional Income tax liabilities pertaining to earlier years, which the Company continues to contest.

The Company continues to focus on enhancing the efficiency and productivity of its internal business processes, as also on modernising its facilities at Ankleshwar and Pimpri. During the year the Company incurred an expenditure of Rs. 20 lakh towards this.

In the forthcoming year, the Company plans to benchmark its manufacturing plants, processes, systems with the best of Altana Electrical Insulation group, so as to bring about further improvements in its standards with respect to manufacturing, R&D and Environment, Health & Safety (EH&S).

### INTERNAL CONTROL SYSTEMS

Your Company has clearly laid down policies, guidelines and procedures that form part of the Internal Control Systems. The adequacy of the internal control systems, which encompass the Company's business processes and financial reporting systems, is examined by the management as also by the Internal Auditors at regular intervals. The Internal Auditors, an independent firm of Chartered Accountants, carries out audits at regular intervals to identify weaknesses if any, and to suggest improvement for better functioning. The observations and recommendations of the Internal Auditors are discussed by the Audit Committee, to ensure effective corrective action.

### HUMAN RESOURCES/INDUSTRIAL RELATIONS

Industrial relations were cordial during the year. The Board wishes to place on record its appreciation to all employees of the Company for their continued contribution to the performance of the Company.

### CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be interpreted as "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to Company's operations include economic conditions affecting demand / supply. Price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes.

For and on behalf of the Board

M. Tandon  
Managing Director

S. N. Talwar  
Director

Mumbai  
July 5, 2004

## Report on Corporate Governance

1. The Company follows the principles and canons of Corporate Governance and believes that sustainable performance is ultimately dependent upon a culture of business ethics, transparency, accountability and commitment to global standards, in the conduct of its business operations as well as, its interaction with interest groups, viz. shareholders, customers, suppliers, employees, regulatory authorities and the community at large. For this purpose your Company has been transparent in dealings, adhering to the corporate values and leveraging its corporate resources for the benefit of all interest groups.

### 2. Board of Directors — Composition and functioning:

Consequent to change in ownership of the majority shareholding of the Company, nominees of Schenectady Group viz., Mr. Wallace Graham, Ms. Ashley Palm, M. Heather Ward and Mr. A. M. MacCormick have resigned, with effect from July 5, 2004 and Altana Group has nominated Dr. Matthias Wolfgruber, Dr. Christoph Schlünken, Dr. Guido Forstbach and Mr. Martin Babilas as Directors on the Board of the Company with effect from July 5, 2004.

The Board now comprises seven Directors. Mr. S. N. Talwar, Mr. P. V. Deshpande, Mr. S. R. Shetye and Mr. Rajeev Bhide are Alternate Directors. Dr. Matthias Wolfgruber has been appointed as the Non-Executive Chairman. Mr. M. Tandon, Managing Director, Mr. P. V. Deshpande, Mr. S. R. Shetye and Mr. Rajeev Bhide are in the Whole-time Employment of the Company.

The Managing Director and the Whole Time Directors are involved in the day-to-day management of the Company while the Non-Executive Directors bring in the external perspective and independence in decision-making.

**The composition of the Board and number of other Companies/Committees the Director of the Company is a Director/Member/Chairman:**

Name of Director	Directorships @	Memberships #	Chairmanship #
Dr. Matthias Wolfgruber*	Nil	Nil	Nil
Dr. Christoph Schlünken*	Nil	Nil	Nil
Dr. Guido Forstbach*	Nil	Nil	Nil
Mr. Martin Babilas*	Nil	Nil	Nil
Mr. R. K. Kulkarni**	4	3	1
Mr. Pradeep Mallick**	5	3	—
Mr. S. N. Talwar** (Alternate to Dr. Matthias Wolfgruber)	15	6	4
Mr. M. Tandon***	1	—	—
Mr. P. V. Deshpande*** (Alternate to Dr. Christoph Schlünken)	—	—	—
Mr. S. R. Shetye*** (Alternate to Dr. Guido Forstbach)	—	—	—
Mr. Rajeev Bhide*** (Alternate to Mr. Martin Babilas)	—	—	—

\*Non-Executive Director \*\*Non-Executive Director — Independent  
\*\*\*Executive Director

- @ Excludes Directorships of companies incorporated outside India, private limited companies, bodies corporate, and Alternate Directorships.  
# Memberships of Audit Committee/Shareholders/Investors Grievance Committee/Remuneration Committee of all Public Limited Companies have been considered.

### 3. Meetings and attendance:

During the Financial Year ended on 31<sup>st</sup> December, 2003, seven Board meetings were held on 19<sup>th</sup> March, 24<sup>th</sup> April, 30<sup>th</sup> May, 30<sup>th</sup> July, 21<sup>st</sup> August, 22<sup>nd</sup> September and 27<sup>th</sup> October.

The Directors attended the meetings as follows:

Name of Director	Meetings held during the tenure of director	Meetings attended	Last AGM
Mr. S. N. Talwar	7	7	Yes
Mr. P. Mallick	7	4	Yes
Mr. R. K. Kulkarni	7	4	Yes
Mr. M. Tandon	7	7	Yes
Mr. P. V. Deshpande	7	6	Yes
Mr. S. R. Shetye	7	5	Yes
Mr. R. M. Bhide	7	7	Yes

### 4. Audit Committee:

The Audit Committee has been reconstituted on April 29, 2004. The composition of the Audit Committee is Mr. R. K. Kulkarni (Chairman), Mr. S. N. Talwar, and Mr. Pradeep Mallick. All members of the Audit Committee are Non-Executive & Independent Directors. The Managing Director, Director – Finance & Corporate Affairs, representatives of the Statutory Auditors and Internal Auditors also attend the meetings. The Audit Committee reviews quarterly and yearly Financial Statements and periodically meets to discuss related matters such as:

- Approving and implementing audit procedures and techniques.
- Reviewing reports of both Statutory Auditors and Internal Auditors.
- Reviewing financial reporting system, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.

as well as all other matters required to be dealt with by the Audit Committee as per Clause 49 of the Listing agreement. The Audit Committee is at liberty to meet the operating management in order to review the operations of the Company. The minutes of the Audit Committee meetings are circulated to the Board, discussed and taken note of.

### 5. Remuneration of Directors:

Within the overall limits fixed by the shareholders in General Meeting, the Board decides the remuneration of Executive Directors. Remuneration comprises basic salary, perquisites and performance based incentive,