



FORBES GOKAK LTD.

85TH ANNUAL REPORT 2003-04

IN YOUR OWN INTEREST

1. **Dematerialisation of Shares of the Company :**

The shares of the Company are eligible for dematerialisation. The Company has entered into an agreement for dematerialisation of securities with both National Securities Depository Ltd and Central Depository Services (India) Ltd. **The ISIN is INE518A01013**

2. **Permanent Details of your Account:**

All communications to the Company or its Registrars and Share Transfer Agents which would have the effect of amending the permanent details of your ledger account viz. change of address, advising details of bank account etc. should be signed by all the Shareholders.

3. **Ledger Folio Number:**

Please quote your ledger folio number in all your communications with the Company or its Registrars and Share Transfer Agents.

4. **Multiple Accounts:**

Please advise us all folio numbers for combining into one. Please also forward your respective Share Certificates to enable us to change folio number.

5. **Change of Address:**

Please intimate us change in address, as soon as possible.

6. **Unclaimed Dividend:**

Please claim your previous dividends, if any, not encashed. If the dividend warrants have been lost, please apply for duplicate warrants.

Dividends which remain unclaimed/unencashed for a period of 7 years will be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956 no claim by the Shareholders shall lie for the unclaimed dividend transferred to IEPF.

7. **Transmission of Shares:**

In case of deceased Shareholders, their relatives are requested to file death certificates, probate and other relevant documents for transmission of shares. Kindly contact our Registrars and Share Transfer Agents for necessary formalities.

**DIRECTORS:**

SHAPOOR P. MISTRY
 PALLONJI S. MISTRY
 K.C. MEHRA
 D.B. ENGINEER
 D.S. SOMAN
 C.G. SHAH
 R. N. JHA
 CYRUS P. MISTRY
 N. D. KHURODY

Chairman

Deputy Chairman & Managing Director

Executive Director (Finance)

SECRETARY:

A.T. SHAH

Company Secretary

MANAGEMENT:

K.C. MEHRA
 C.G. SHAH
 B.G. JAIN
 C.A. KARNIK
 H.S. BHASKAR
 G. MUKHERJI
 BABU NAIK
 CAPT. S.P. RAO
 S.S. REWRI
 K.C. RAMAN
 R.T. DOSHI
 A.V. SATHE

Deputy Chairman & Managing Director

Executive Director (Finance)

Director (Textiles)

Director (Human Resources)

Director-Operations (Textiles)

Director (Engineering)

Director-Marketing (Textiles)

Director (Shipping)

Director (Forbes Bradma Business Automation)

Regional Director (Shipping-South & East)

Vice-President (Finance & Accounts)

Director (Materials Management & Logistics)

AUDITORS:

Messrs. S.B. BILLIMORIA & CO.

**SOLICITORS AND
ADVOCATES:**

Messrs. CRAWFORD BAYLEY & CO.
 Messrs. MANEKSHA & SETHNA
 Messrs. UDWADIA & UDESHI (REGD.)

BANKERS:

PUNJAB NATIONAL BANK
 STANDARD CHARTERED BANK
 UNION BANK OF INDIA
 STATE BANK OF INDIA



**REGISTRARS AND
SHARE TRANSFER AGENTS :**

TATA CONSULTANCY SERVICES,
UNIT : FORBES GOKAK LIMITED,
PARK WEST II
NEAR RAHEJA ESTATE
KULUPWADI ROAD, BORIVALI (E)
MUMBAI - 400 066

COLLECTION CENTRE AT –
TATA CONSULTANCY SERVICES,
23, UNION CO-OP. INSURANCE BUILDING
(MEHERWAN)
SIR P. M. ROAD, FORT,
MUMBAI 400 001.

MILLS :

1. GOKAK FALLS (DISTRICT BELGAUM-KARNATAKA STATE) – 591 308
2. VADODARA (GUJARAT) – 390 005

FACTORIES :

AURANGABAD

1. A-7, M.I.D.C. AREA,
CHIKALTHANA,
AURANGABAD - 431 210

2. PLOT B-13,
WALUJ INDUSTRIAL AREA,
AURANGABAD – 431 133

BELGAUM :

VILLAGE MARIHAL (DISTRICT BELGAUM - KARNATAKA STATE) - 591167

MUMBAI

1. CHANDIVALI ESTATE,
SAKI-POWAI ROAD,
MUMBAI - 400 072
2. WAGLE INDUSTRIAL ESTATE
THANE, MUMBAI

REGISTERED OFFICE:

FORBES BUILDING,
CHARANJIT RAI MARG,
FORT,
MUMBAI 400 001



EIGHTY-FIFTH ANNUAL REPORT 2003-2004

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The Annual General Meeting will be held on Thursday, the 2nd September, 2004 at 4.00 P.M. at Centrum, 1st Floor, World Trade Centre Complex, Centre 1 Building, Cuffe Parade, Mumbai 400 005.



NOTICE

NOTICE is hereby given that the EIGHTY-FIFTH ANNUAL GENERAL MEETING of the shareholders of FORBES GOKAK LIMITED, will be held at 'Centrum', 1st Floor, World Trade Centre Complex, Centre 1 Building, Cuffe Parade, Mumbai 400 005 on Thursday, 2nd September, 2004 at 4.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Pallonji S. Mistry who retires by rotation, and is eligible for re-appointment.
4. To appoint a Director in place of Mr. D. S. Soman who retires by rotation, and is eligible for re-appointment.
5. To appoint a Director in place of Mr. N. D. Khurody, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, read with Article 112 of the Articles of Association of the Company, and, being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from a shareholder under Section 257 of the Companies Act, 1956, signifying his intention to propose his candidature for the office of Director.
6. To appoint a Director in place of Mr. R. N. Jha, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, read with Article 112 of the Articles of Association of the Company, and, being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from a shareholder under Section 257 of the Companies Act, 1956, signifying his intention to propose his candidature for the office of Director.
7. To appoint Messrs. S. B. Billimoria & Co., Chartered Accountants, as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.
8. To consider and if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. A. F. Ferguson & Co., Chartered Accountants, Mumbai be and are hereby appointed as Branch Auditors of the Company, to audit the Accounts in respect of the Company's Forbes Bradma Business Automation Division, situate at Mumbai and Thane and to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors of the Company."
9. To consider and if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Murugesh & Co., Chartered Accountants, Bangalore be and are hereby appointed as Branch Auditors of the Company, to audit the Accounts in respect of the Company's Forbes Campbell Knitwear Division situate at Mumbai and Marihal, Dist. Belgaum, and to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors of the Company."
10. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:

"RESOLVED that, subject to the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto and subject to the approval of the Central Government, if required, the increase in the remuneration of Mr. C. G. Shah, Executive Director (Finance) of the Company, effective 1st April, 2004 as set out in the draft Supplemental Agreement to be entered into between the Company and Mr. Shah, placed before this Meeting and initialled by the Chairman for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER that the Directors of the Company be and are hereby authorised to enter into a Supplemental Agreement on behalf of the Company with Mr. Shah in terms of the aforesaid draft."

11. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution:

"RESOLVED that where in any financial year during the three year period from 1st April, 2004, upto 31st March, 2007, or during the

currency of the tenure of Mr. K.C. Mehra, as the Deputy Chairman and Managing Director, whichever is shorter, the Company has no profit or its profits are inadequate, consent be and is hereby granted to the payment by the Company to Mr. K.C. Mehra remuneration by way of salary, dearness allowance, perquisites and other allowances, not exceeding the applicable ceiling limits in Part II of Schedule XIII to the Companies Act, 1956."

12. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution:

"RESOLVED that where in any financial year during the three year period from 1st April, 2004, upto 31st March, 2007, or during the currency of the tenure of Mr. C. G. Shah, designated as the Executive Director, whichever is shorter, the Company has no profit or its profits are inadequate, consent be and is hereby granted to the payment by the Company to Mr. C. G. Shah remuneration by way of salary, dearness allowance, perquisites and other allowances, not exceeding the applicable ceiling limits in Part II of Schedule XIII of the Companies Act, 1956".

13. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 163 of the Companies Act, 1956, consent be and is hereby granted to the Register and Index of Members and Register and Index of Debentureholders and copies of all Annual Returns prepared under Sections 159 and 160 and other applicable provisions, if any, of the Companies Act, 1956 together with the copies of the certificates and documents required to be annexed thereto under Sections 160 and 161 of the Companies Act, 1956 or any or more of them, being kept on and from the date of this Meeting, at the office of the Registrars and Share Transfer Agents of the Company, Tata Consultancy Services, situate at Park West - II, Raheja Estate, Kulupwadi, Borivli (E), Mumbai 400 066.

RESOLVED FURTHER that the above-mentioned registers, indexes, returns, and copies of certificates and other documents be made available for inspection by the shareholders and/or any persons entitled thereto under the Companies Act, 1956, except when the Registers are closed, between the hours of 11.00 a.m. and 1.00 p.m. on any working day (excluding Saturdays), in accordance with the provisions of the Companies Act, 1956."

14. To consider and, if thought fit, to pass, through postal ballot, the following resolution, as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, existing Clause 3 of the Memorandum of Association of the Company be and is hereby altered by inserting the following new sub clause (28) after the existing sub clause (27):

(28) To carry on business of information technology systems, computer programming, information processing, data processing, data storage, data retrieval, data analysis, e-commerce, e-business, m-business, m-commerce, internet dealing, manufacturing and developing computer software & hardware, construction and designing of web sites, software development, portal design, portal development, providing web-based and computer based solutions, website hosting, web page designing, internet services, e-mail services, knowledge management services, consultancy in computer-based information systems and of business process outsourcing and call centres, to act as advisers and consultants for e-business strategy development, e-commerce consulting, internet marketing and strategy, implementation of software packages, computer related communication systems, on line portals, shopping malls and services and start-up companies and carrying on other related activities either as principals, agents, contractors, sub-contractors or executing the same on turnkey basis either independently or in joint venture / collaboration with other, to carry on the business of marketing, development, designing, planning and outsourcing of internet products and solutions, computer software products and solutions, computer hardware products and solutions, websites, portals, intranets, extranets, messaging products and solutions, computer and data security products and solutions, kiosks, cyber cafés, payment gateways, e-business, m-business, e-commerce, m-commerce, internet hosting, IT centres, data processing centres, call centres, software development centres, internet shopping malls, information technology and internet start-ups, e-school, m-school, computer education centre, medical transcriptions, human resources training, recruitment, body shopping, internet advertisement, and other business and service related to computer hardware and software and net works."

15. To consider and, if thought fit, to pass, with or without modification, the following resolution, as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 149 of the Companies Act, 1956, subject to the alteration in Clause 3 of the Memorandum of Association of the Company proposed in the Special Resolution at item 14 of this Notice being approved, consent be and is hereby granted to the commencement by the Company of the business of information technology, e-commerce, business process outsourcing and other activities as set out in the said altered clause."



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

“RESOLVED that pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby granted to the creation, by the Board of Directors, of (i) a mortgage and/or charge, over all or any of the immovable properties of the Company, pertaining to the Textile Unit(s) situate at Gokak Falls, Dist. Belgaum, both present and future, and/or (ii) a charge by way of hypothecation on all the Company’s movable properties situate at the said Textile Unit(s) including movable machinery, machinery spares, tools and accessories, both present and future, (iii) a charge by way of mortgage of the ship acquired under the Foreign Currency Term Loan of US\$ 1.60 mn. (iv) a first exclusive charge by way of hypothecation of specific items of machinery pertaining to the Engineering Units acquired under the Foreign Currency Term Loan of US\$ 0.79mn., to or in favour of Export-Import Bank of India , (EXIM Bank) but subject to all prior charges created by the Company in favour of (a) the Company’s Bankers, Punjab National Bank, Standard Chartered Bank and Union Bank of India over its stocks of raw materials, semi-finished and finished goods, consumable stores and book debts and such other movables for securing the borrowings for working capital requirements, (b) IDBI Bank Ltd. and New India Co-operative Bank Ltd. on specific items of machinery purchased from facilities granted by them and (c) Central Bank of India (Executor & Trustee Department), on such terms and conditions as the Board of Directors may think fit including the right to EXIM Bank to appoint Whole-time Nominee Director(s) on the Board of Directors of the Company on the happening of certain events of default in terms of the Letter(s) of Sanction/Loan Agreement(s), in order to secure the due repayment of term loan(s) availed / to be availed of by the Company from EXIM Bank, together with the payment of interest thereon at the respective agreed rates, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to EXIM Bank, in terms of its Letter(s) of Sanction / Loan Agreement(s) entered into /to be entered into/executed/to be executed by the Company, in respect of the following term loans.

Sr. No.	Loan Ref.	Loan Description
1.	Exim \$ 3 mn. loan	Long Term Working Capital Term Loan to Export Oriented Units: Foreign Currency Term Loan of US \$ 3.00 million.
2.	Exim TUF II loan	Production Equipment Finance Programme: Rupee Term Loan of Rs.9.78 Crores under the Technology Upgradation Fund Scheme (TUFS) of Ministry of Textiles, Government of India.
3.	Exim \$ 1.87 mn. loan	Production Equipment Finance Programme: Foreign Currency Term Loan of US\$ 1.87 million.
4.	Exim \$ 1.67 mn. loan	Production Equipment Finance Programme: Foreign Currency Term Loan of US\$ 1.60 million.
5.	Exim \$ 2.00 mn. loan	Production Equipment Finance Programme: Foreign Currency Term Loan of US\$ 2.00 million.
6.	Exim \$ 0.79 mn. loan	Production Equipment Finance Programme: Foreign Currency Term Loan of US\$ 0.79 million (approx. equal to Rs.3.45 Crores).
7.	PCFC \$ 4 mn. loan	Foreign Currency Pre-Shipment Credit of USD 4.00 million.

RESOLVED FURTHER that the Board of Directors of the Company, be and is hereby authorised to finalise with the Company’s Bankers, IDBI Bank Ltd., Central Bank of India, EXIM Bank and New India Co-operative Bank Ltd., all necessary documents for creating the mortgage and/or charge and /or hypothecation as aforesaid and to do all other acts, deeds, matters and things and to execute all such documents and writings as it may deem necessary, usual, requisite or proper for the purpose of giving effect to the aforesaid Resolution.”

For and on behalf of the
Board of Directors

SHAPOOR P.MISTRY
Chairman

Mumbai, 26th July, 2004.

Registered Office:

Forbes Building,

Charanjit Rai Marg,

Fort, Mumbai 400 001

NOTES:

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A SHAREHOLDER.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business at items 5, 6 and 10 to 16 is annexed hereto.
3. Pursuant to the exemption granted by the Central Government under Section 212 (8) of the Companies Act, 1956, the annual accounts of the subsidiary companies and the related detailed information are not attached to the Company's accounts for the year ended 31st March, 2004. The annual accounts of the subsidiary companies will be made available to the investors seeking such information as when such request is received by the Company. Such information is also available for inspection by any investor in the Registered Office of the Company and of the subsidiary companies concerned.
4. Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, consent of the shareholders to the Resolution at item 14 of the Notice is required to be obtained by means of Postal Ballot. Accordingly, the requisite postal ballot form and a self addressed postage prepaid business reply envelope are sent separately.
The Company has appointed Mr. D. M. Kapadia, a qualified Company Secretary, of Mumbai, as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.
Shareholders are requested to carefully read the instructions printed on the Postal Ballot Form and return it (**No Other Form or Photocopy thereof is permitted**) duly completed, in the self addressed postage pre-paid business reply envelope so as to reach the Scrutinizer on or before 31st August, 2004. The Scrutinizer will submit his report to the Chairman of the Company after completion of the scrutiny of the Postal Ballot Forms.
Results of the postal ballot shall be announced by the Chairman at the Annual General Meeting of the Company to be held on 2nd September, 2004.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 23rd August, 2004 to Thursday, 2nd September, 2004 (both days inclusive).
6. The Dividend, when declared, will be payable on and after Tuesday, 7th September, 2004 to those shareholders whose names appear on the Register of Members on 2nd September, 2004. In respect of shares held in dematerialised form in the depository system, the dividend will be paid to the beneficial owner as per the list provided by the depositories.
7. Shareholders are requested to immediately notify the REGISTRARS AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address and/or bank account details to ensure correct and prompt receipt of the Dividend Warrants.
8. SHAREHOLDERS ARE ADVISED, IN THEIR OWN INTEREST THAT ALL COMMUNICATIONS TO THE COMPANY OR ITS REGISTRARS AND SHARE TRANSFER AGENTS WHICH WOULD HAVE THE EFFECT OF AMENDING THE PERMANENT DETAILS OF THEIR LEDGER FOLIO, SHOULD BE SIGNED BY ALL THE SHAREHOLDERS REGISTERED UNDER THAT LEDGER FOLIO.
9. Please check whether you have encashed Dividend Warrants for earlier years. If the Dividend Warrants are lost or have become time-barred, please apply to the Company or its Registrars and Share Transfer Agents for duplicate / revalidated Dividend Warrants.

Dividend for the year ended	Rate of Dividend	Dividend Warrant dated
31 st March, 1998	30%	10.09.1998
31 st March, 1999	15%	26.08.1999
31 st March, 2000 (Interim)	100%	10.05.2000
31 st March, 2001	30%	31.07.2001
31 st March, 2002	20%	28.08.2002
31 st March, 2003	25%	29.08.2003

Advice is also being sent in this behalf, to the concerned shareholders, individually.

10. Please address all communications including lodging of Transfer Deeds to:

REGISTRARS AND SHARE TRANSFER AGENTS

Tata Consultancy Services,
UNIT: Forbes Gokak Ltd.
Park West II, Raheja Estate,
Kulupwadi, Borivli (E),
Mumbai 400 066

Collection Centre also at –
23, Union Co-operative Insurance Building, (Meherwan)
Sir P. M. Road, Fort,
Mumbai 400 001.

Kindly quote your Ledger Folio No.



ANNEXURE TO NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956

Item 5:

Pursuant to Article 112 of the Articles of Association of the Company, Mr. N. D. Khurody was appointed as an Additional Director by the Board of Directors at its meeting held on 17th March, 2004.

Pursuant to Section 260 of the Companies Act, 1956 read with Article 112 of the Articles of Association of the Company Mr. N. D. Khurody holds office upto the date of this Annual General Meeting of the Company.

A notice, in writing, has been received by the Company from a shareholder under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. N. D. Khurody as a candidate for appointment as a Director, along with a deposit of Rs.500.

Mr. N. D. Khurody, aged 68, is a Director on the Boards of several public limited companies. He retired as Managing Director of Voltas Limited on 26th October, 2001. Mr. Khurody has wide and varied experience in formulation and implementation of business plans, risk evaluation, business investment strategy and funds management. He is also experienced in the formulation and implementation of compensation packages. The Directors consider that the services of Mr. N. D. Khurody will be useful to the Company having regard to his knowledge and experience and recommend that he be appointed as a Director of the Company.

Mr. Khurody is interested in the Resolution at Item No. 5 of the Notice since it relates to his appointment.

Item 6:

Mr. R.N. Jha was appointed as a Nominee Director by Life Insurance Corporation of India ("LIC") pursuant to Article 110-A of the Articles of Association of the Company. LIC no longer requires Mr. Jha to serve as its nominee on the Board of the Company and accordingly, Mr. Jha resigned as a nominee Director of LIC on the Board of Directors of the Company with effect from 6th July, 2004.

Being of the view that the services of Mr. Jha would be useful to the Company, the Board of Directors have appointed Mr. Jha, pursuant to Article 112 of the Articles of Association of the Company, as an Additional Director at its meeting held on 6th July, 2004. Pursuant to Section 260 of the Companies Act, 1956, read with Article 112 of the Articles of Association of the Company, Mr. Jha holds office upto the date of this Annual General Meeting.

A Notice in writing has been received by the Company from a shareholder under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Jha as a candidate for appointment as a Director along with a deposit of Rs. 500.

Mr. R.N. Jha retired as Executive Director of LIC. His expertise includes funds management and resource mobilisation, general management, formulation and implementation of compensation packages and development and administration of properties.

Mr. Jha is interested in the Resolution at Item 6 of the Notice since it relates to his appointment.

Item 10:

The Shareholders of the Company, at the Annual General Meeting of the Company held on 23rd August, 2002, had approved the appointment of Mr. C. G. Shah as a Whole-time Director of the Company for the period, 1st April, 2002 upto 31st March, 2007, on the terms and conditions set out in the Agreement dated 23rd August, 2002.

In terms of the said Resolution, the Shareholders had also authorised the Board of Directors to revise or increase the remuneration of Mr. C. G. Shah to the extent to which it may be increased in accordance with the provisions relating to payment of managerial remuneration under the Companies Act, 1956.

At the meeting of the Board of Directors of the Company held on 6th July, 2004, the Directors increased the remuneration payable to Mr. C. G. Shah, in the manner and to the extent described in the draft Supplemental Agreement, placed before the meeting.

The material terms of the said draft Supplemental Agreement between the Company and Mr. C. G. Shah are as under:

The following paragraph in Schedule A of the said Agreement dated 23rd August, 2002, namely,

"Salary Rs.80,000 p.m. with effect from 1st April,2002 in the scale of Rs.20,000 to Rs.1,00,000 p.m. The annual increments, which will be effective 1st April, each year, will be decided by the Board within the scale of salary of the Appointee and will be merit based and take into account the Company's performance."

be substituted with the following new paragraph,

"Salary Rs.80,000 p.m. with effect from 1st April,2002 in the scale of Rs.20,000 to Rs.2,00,000 p.m. The annual increment, which will be effective from 1st April, each year, will be decided by the Board within the scale of salary of the Appointee and will be merit based and take into