

## Contents

Highlights	3
Notice	4-15
Directors' Report	16-22
Management Discussion & Analysis	23-43
Corporate Governance	44-57
Community Initiatives	58-59
Simplified Balance Sheet	60
Simplified Profit and Loss Account	61
Break Up of Total Income	62
Auditors' Report	63-65
Balance Sheet	66
Profit and Loss Account	67
Cash Flow Statement	68
Schedules to Accounts	69-84
Notes to Balance Sheet and Profit and Loss Account	85-94
Balance Sheet Abstract and Company's General Profile	95
Statement pursuant to Section 212	96-97
Financial Statistics	98
Consolidated Financial Statements	99-117

Annual General Meeting  
at Birla Matushri Sabhagar  
on Thursday, 4th September, 2003  
at 3.45 p.m.

# The Indian Hotels Company Limited

## **Board of Directors**

Ratan N. Tata	Chairman
R. K. Krishna Kumar	Vice Chairman w.e.f. 19.07.2003
J. J. Bhabha	
N. A. Soonawala	
S. K. Kandhari	
K. B. Dadiseth	
Deepak Parekh	
Jagdish Capoor	
Tejendra Khanna	w.e.f. 17.04.2003
Shapoor Mistry	w.e.f. 17.04.2003
Raymond N. Bickson	Managing Director w.e.f. 19.07. 2003
Zubin Dubash	Whole-time Director
B. D. Nariman	Company Secretary

## **Management**

R. K. Krishna Kumar	upto 18.07. 2003
Raymond N. Bickson	w.e.f. 15.01. 2003
Zubin Dubash	
Ajoy Misra	
L. Krishna Kumar	
Bernard Martyris	
B. D. Nariman	
Prakash Shukla	
Subhir Bhowmick	upto 30.04.2003
Jamshed Daboo	
Jyoti Narang	
Rajiv Gujral	
Ravi Dubey	
Christine F. Jamal	
Maneck Patel	
Deepa Harris	
Beate Mauder	

## **Committees of the Board**

### **Audit Committee**

S. K. Kandhari	Chairman
Deepak Parekh	
Jagdish Capoor	

### **Remuneration Committee**

Jagdish Capoor	Chairman
R. N. Tata	
N. A. Soonawala	

### **Shareholders' / Investor Grievance Committee**

N. A. Soonawala	Chairman
R. K. Krishna Kumar	
Zubin Dubash	

### **Registered Office**

Mandlik House, Mandlik Road, Mumbai 400 001.  
Tel: 2202 5515  
Fax: 2202 7442

### **Share Department**

Mandlik House, Mandlik Road, Mumbai 400 001.  
Tel: 2202 6260  
Fax: 2202 7442  
Email: share.dept@tajhotels.com

### **Solicitors**

Mulla & Mulla & Craigie Blunt & Caroe  
Udwadia and Udeshi

### **Auditors**

S. B. Billimoria & Company  
N. M. Raiji & Company

### **Bankers**

Hongkong and Shanghai Banking Corporation  
Standard Chartered Grindlays Bank  
Citibank

**Website: [www.tajhotels.com](http://www.tajhotels.com)**

## Financial Highlights

HIGHLIGHTS	2002-2003 Rupees Crores	2001-2002 Rupees Crores
Gross revenue	590.64	601.88
Profit before tax	53.80	98.14
Profit after tax	40.48	80.70
Dividend	31.58	36.09*
Retained earnings	45.38	92.10
Funds employed	1752.15	1,767.00
Net Worth	887.29	889.25
Borrowings	756.59	766.30
Gross Debt : Equity ratio	0.85 : 1	0.86 : 1
Net worth per Ordinary Share	196.65	197.09
Earnings per Ordinary Share	8.97	17.88
Dividend per Ordinary Share	Rs. 7 (70%)	Rs. 8* (80%)

\* Interim Dividend

## Notice

NOTICE is hereby given that the HUNDRED AND SECOND ANNUAL GENERAL MEETING of THE INDIAN HOTELS COMPANY LIMITED will be held at the Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Thursday, 4<sup>th</sup> September, 2003, at 3.45 p.m to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2003, and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To declare a dividend on ordinary shares.
3. To appoint a Director in the place of Mr. R. N. Tata who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. K. B. Dadiseth who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Mr. Deepak Parekh who retires by rotation and is eligible for re-appointment.
6. **Appointment of Mr. R. K. Krishna Kumar as a Director of the Company.**

To appoint a Director in the place of Mr. R. K. Krishna Kumar who was appointed an Additional Director of the Company by the Board of Directors with effect from 19<sup>th</sup> July, 2003, and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company, but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act, along with the prescribed deposit, from a Member of the Company signifying her intention to propose Mr. R. K. Krishna Kumar as a candidate, for the office of Director of the Company.

7. **Appointment of Mr. Tejendra Khanna as a Director of the Company.**

To appoint a Director in the place of Mr. Tejendra Khanna who was appointed an Additional Director of the Company by the Board of Directors with effect from 17<sup>th</sup> April, 2003, and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company, but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act, along with the prescribed deposit, from a Member of the Company signifying his intention to propose Mr. Khanna as a candidate, for the office of Director of the Company.

8. **Appointment of Mr. Shapoor Mistry as a Director of the Company.**

To appoint a Director in the place of Mr. Shapoor Mistry who was appointed an Additional Director of the Company by the Board of Directors with effect from 17<sup>th</sup> April, 2003, and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company, but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act, along with the prescribed deposit, from a Member of the Company signifying her intention to propose Mr. Mistry as a candidate, for the office of Director of the Company.

9. **Appointment of Mr. Raymond N. Bickson as a Director of the Company.**

To appoint a Director in the place of Mr. Raymond N. Bickson who was appointed an Additional Director of the Company by the Board of Directors with effect from 9<sup>th</sup> January, 2003, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company, but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act, along with the prescribed deposit, from a Member of the Company signifying his intention to propose Mr. Raymond N. Bickson as a candidate, for the office of Director of the Company.

10. **Appointment of Mr. Raymond N. Bickson as a Whole-time Director of the Company.**

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 Sections 198, 269, 309 read with Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the Company hereby accords its approval to the appointment and terms of remuneration of Mr. Raymond N. Bickson, as an Whole-time Director of the Company from 15<sup>th</sup> January, 2003 to 18<sup>th</sup> July, 2003, upon the terms and conditions, including those relating to remuneration as set out in the agreement submitted to this meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement in such manner as may be agreed to between the Directors and Mr. Raymond N. Bickson, subject to such statutory approvals as may be necessary and also set out in the Explanatory Statement annexed to this Notice”

**11. Appointment of Mr. Raymond N. Bickson as the Managing Director of the Company.**

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 Sections 198, 269, 309 read with Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the Company hereby accords its approval to the appointment and terms of remuneration of Mr. Raymond N. Bickson, as the Managing Director of the Company for a period of five years with effect from 19<sup>th</sup> July, 2003 upon the terms and conditions, including those relating to remuneration as set out in the draft agreement submitted to this meeting and for identification signed by a Director thereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement in such manner as may be agreed to between the Directors and Mr. Raymond N. Bickson, subject to such statutory approvals as may be necessary and also set out in the Explanatory Statement annexed to this Notice”

**12. To appoint Auditors and fix their remuneration.**

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 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. S. B. Billimoria & Company, Chartered Accountants, Mumbai and M/s. N.M. Raiji & Company, Chartered Accountants, Mumbai, be and are hereby re-appointed as Joint Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company to audit the Books of Account of the Company for the financial year 2003-04 on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus reimbursement of service tax, out-of-pocket and travelling expenses actually incurred by them in connection with the audit.”

**13. Alteration of the Articles of Association of the Company by way of replacement of the Articles of Association**

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

**“RESOLVED that** the regulations contained in the draft Articles of Association submitted to this meeting, duly intialled by the Company Secretary for the purpose of identification, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of all the existing Articles thereof.”

**NOTES :**

1. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 6 to 13 is annexed hereto.
2. **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 OF THE COMPANY.**
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 14<sup>th</sup> August, 2003, to Thursday, 4<sup>th</sup> September, 2003, both days inclusive.

# The Indian Hotels Company Limited

4. The dividend on Ordinary Shares, as recommended by the Directors, if declared at the Annual General Meeting, will be paid on or after Friday, 5<sup>th</sup> September, 2003, to the Members whose names appear on the Company's Register of Members on 4<sup>th</sup> September, 2003. As regards shares held in electronic form, the dividend will be payable to the 'beneficial owners' of the shares whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited as at the close of business hours on 13<sup>th</sup> August, 2003.
5. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
6. Dividends remaining unclaimed for seven years from the date they first became due for payment are now required to be transferred to the "Investor Education and Protection Fund" established by the Central Government under the amended provisions of the Companies Act, 1956. Members shall not be able to claim any unpaid dividend from the said Fund nor from the Company thereafter. It may be noted that unpaid dividend for the financial year ended 31<sup>st</sup> March, 1996, is due for transfer to the Investor Education and Protection Fund on 11<sup>th</sup> November, 2003.
7. To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by the Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in a physical form and who are desirous of availing of this facility are requested to contact the Company's Share Department at the Registered Office of the Company.
8. Members are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses.
9. Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors seeking appointment / re-appointment at the meeting are annexed.
10. Members desiring any information as regards the Accounts are requested to write to the Company Secretary at an early date so as to enable the Management to reply at the Meeting.
11. Members are requested to kindly bring their copies of the Annual Report to the Meeting.

By Order of the Board of Directors

**B.D. NARIMAN**  
Vice President Legal & Company Secretary

Mumbai, Dated: 19<sup>th</sup> June, 2003

**Registered Office :**

Mandlik House,  
Mandlik Road,  
Mumbai 400 001.

## Explanatory Statement

As required by Section 173 of the Companies Act, 1956.

1. The following Explanatory Statement of the Company sets out the material facts relating to the business under Item Nos. 6 to 13 mentioned in the accompanying Notice dated 19<sup>th</sup> June, 2003.

### Item No. 6

2. At the last Annual General Meeting, the Members had re-appointed Mr. R. K. Krishna Kumar as the Managing Director of the Company to hold office upto and including 18<sup>th</sup> July, 2003. Accordingly, on attaining the age of superannuation, Mr. R. K. Krishna Kumar would relinquish his office as Managing Director of the Company and consequently as a Director of the Company. The Board of Directors at its meeting held on 19<sup>th</sup> June, 2003, unanimously approved of the appointment of Mr. R. K. Krishna Kumar as an Additional Director, designated as the Vice Chairman of the Company with effect from 19<sup>th</sup> July, 2003. Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company, Mr. R. K. Krishna Kumar holds office as an Additional Director of the Company up to the date of the forthcoming Annual General Meeting of the Company. The Company has received a Notice pursuant to Section 257 of the Act, along with the prescribed deposit, from a Member of the Company signifying her intention to propose Mr. R. K. Krishna Kumar as a candidate, for the office of Director of the Company, at the forthcoming Annual General Meeting of the Company.
3. The Board considers it desirable that the Company should continue to avail of the services of Mr. R. K. Krishna Kumar and accordingly commends the Resolution at Item No. 6 of the accompanying Notice for acceptance by the Members.
4. Mr. R. K. Krishna Kumar may be deemed to be concerned and interested in Item No. 6 of the accompanying Notice, since it relates to his appointment as a Director of the Company.

### Item Nos. 7 & 8

5. The Board of Directors of the Company appointed Mr. Tejendra Khanna and Mr. Shapoor Mistry as Additional Directors of the Company with effect from 17<sup>th</sup> April, 2003. Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company, Mr. Khanna and Mr. Mistry respectively hold office as Additional Directors of the Company up to the date of the forthcoming Annual General Meeting of the Company but are eligible for appointment. The Company has received Notices pursuant to Section 257 of the Act, along with the prescribed deposit, from Members of the Company signifying their intention to propose the candidatures of Mr. Khanna and Mr. Mistry respectively, for the office of Director of the Company, at the forthcoming Annual General Meeting of the Company.
6. Mr. Tejendra Khanna is the Chairman of Ranbaxy Laboratories Limited and has been the Lt. Governor and Administrator of the Union Territory of Delhi, the National Capital. He is an MSc. (Physics) from Patna University, India and an M.A. (Public Administration) from the University of California, Berkely, USA. Mr. Khanna's wide experience in business would be immensely beneficial to the Company.
7. Mr. Shapoor Mistry is the Managing Director of Shapoorji Pallonji & Company Limited besides being a trustee of the Masina Hospital. He is also on the Board of Directors of a number of companies and is a well-known industrialist. His diverse business experience would be of great benefit to the Company.
8. The Board considers it desirable that the Company should continue to avail of the services of Mr. Khanna and Mr. Mistry and accordingly commends the Resolutions at Item Nos. 7 & 8 of the accompanying Notice for acceptance by the Members.
9. Mr. Khanna and Mr. Mistry may be deemed to be concerned and interested respectively in Item Nos. 7 and 8 of the accompanying Notice, since it relates to their appointment as Directors of the Company.



## Item Nos. 9 to 11

10. The Board of Directors at its meeting held on 9<sup>th</sup> January, 2003 had appointed Mr. Raymond N. Bickson as an Additional Director of the Company, pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 131 of the Articles of Association of the Company. Mr. Raymond N. Bickson holds office as a Director of the Company upto the date of this Annual General Meeting but is eligible for appointment. The Company has received a Notice pursuant to Section 257 of the Act, along with the prescribed deposit, from a Member of the Company signifying his intention to propose the candidature of Mr. Raymond N. Bickson, for the office of Director of the Company, at the forthcoming Annual General Meeting of the Company.
11. Mr. Bickson studied at the Goethe Institute in Berlin, the Alliance Française in Paris, the Université de Sorbonne in Paris, L'école Hôtelière Lausanne, and Cornell University in New York. He is a graduate of the Advanced Management Program at Harvard Business School in Boston and has extensive language, managerial and hoteliering skills, acquired over thirty years in various luxury hotels throughout Europe, North America, Australia and Asia. Mr. Bickson was the General Manager of "The Mark" Hotel, New York, for fifteen years, formerly the New York flagship of The Rafael Group of Hotels and now owned by the Mandarin Oriental Hotel Group.
12. The Board considers it desirable that the Company should continue to avail of the services of Mr. Bickson and accordingly commends the Resolution at Item No. 9 of the accompanying Notice for acceptance by the Members.
13. The Board of Directors at its meeting held on 9<sup>th</sup> January, 2003, had also appointed Mr. Raymond N. Bickson as a Whole-time Director of the Company, for a period of 5 years with effect from 15<sup>th</sup> January, 2003. The Company has preferred an application to the Central Government, seeking approval for the appointment and terms of remuneration of Mr. Raymond N. Bickson. The approval is awaited and his appointment and remuneration as a Whole-time Director are subject to the approval of the Central Government.
14. An abstract of the main terms and conditions of Mr. Raymond N. Bickson's appointment as a Whole-time Director pursuant to Section 302 of the Companies Act, 1956, was sent to the Members in January, 2003.
15. Subsequently, the Board of Directors at its Meeting held on 19<sup>th</sup> June, 2003, has appointed Mr. Raymond N. Bickson as the Managing Director of the Company for a period of 5 years with effect from 19<sup>th</sup> July, 2003. In view of Mr. Bickson being appointed as the Managing Director of the Company, the Board of Directors has approved of the termination of the Agreement between the Company and Mr. Bickson, appointing him as a Whole-time Director, with effect from 18<sup>th</sup> July, 2003.
16. The Company is in the process of making a fresh application to the Central Government seeking approval for the appointment and the terms of remuneration of Mr. Raymond N. Bickson. Accordingly, his appointment and remuneration as Managing Director of the Company is subject to the approval of the Central Government.
17. The Agreement between the Company and Mr. Raymond N. Bickson as a Whole-time Director placed before the Members contains the following principal terms and conditions :
  - (I) **Period of Appointment** : 15<sup>th</sup> January, 2003 to 18<sup>th</sup> July, 2003.
  - (II) **Remuneration** :
    - a. **Salary**

In the Salary Scale of US\$10,000/- (approximately Rs. 4,80,000/-) to US\$20,000/- (approximately Rs. 9,60,000/-) per month with authority to the Board of Directors to determine his salary within the scale from time to time. The annual increments will be merit-based and shall take into account the Company's performance.
    - b. **Perquisites & allowances**
      - (i) In addition to the salary and commission payable, Mr. Bickson shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance,



together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; medical insurance, life insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Bickson;

- (ii) Perquisites shall be evaluated as per Income-Tax Rules, wherever applicable; in the absence of any such Rules, perquisites shall be evaluated at actual cost.
- (iii) Provision for the use of Company car and driver for official and personal use and telephone at residence (Long Distance personal calls will be paid for by the Director).
- (iv) The following allowances will be payable to Mr. Bickson for his family in New York for a six month period as an interim measure until they relocate to India:
  1. Living Allowance - Entitled to a two bedroom fully furnished apartment in New York, subject to a maximum rental value of US\$ 10,000/- (U S Dollars Ten Thousand Only) plus taxes per month.
  2. USA Health Insurance - His existing Health Insurance premium will be paid for by the Company, subject to a maximum of US\$ 1,001/- (US Dollars One Thousand One Only) per month.
  3. Education Allowance - Dependant children (upto a maximum of 2 children) will be entitled for reimbursement of the tuition fee subject to a maximum of US\$ 22,525/- (US Dollar Twenty Two Thousand Five Hundred Twenty Five Only) for the period January, 2003 to July, 2003

Mr. Bickson being an expatriate Director, is also entitled to the following perquisites:

1. Children's education expenses

Mr. Bickson's two children's tuition fees for their studies in India will be reimbursed in full.

2. Annual passage

An annual return passage once a year is admissible for Mr. Bickson, his wife and dependent children. The destination of the trip will be to his country of origin or equivalent.

3. Reimbursement of expenses incurred on him joining duty and returning to his home country after completion of tenure.

The expenses include those incurred on travel, packing, transportation, forwarding, loading/ unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of his personal effects and those of his family for joining duty in India and upon returning to his home country after completion of tenure.

**c. Commission:**

Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Act. The specific amount payable to Mr. Bickson will be based on certain performance criteria to be laid down by the Board and shall be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Members of the Company.

**d. Minimum Remuneration :**

Notwithstanding anything to the contrary herein contained, where, in any financial year, during the currency of the tenure of Mr. Bickson, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary, perquisites and allowances as specified above.

e. The entire remuneration shall be net of taxes.

**(III) Exclusive Contractual Employment**

Mr. Bickson will be in the exclusive contractual employment of the Company and will not engage solely or together with any person in any work or business conflicting with the interests of the Company directly or indirectly. Also, he shall not at any time disclose to anyone in any manner, any information, knowhow, knowledge, trade secrets, methods, security arrangements, plan etc. of the Company which come within his knowledge.

(IV) The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, subject to such statutory approvals as may be required.

(V) The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' remuneration in lieu thereof.

(VI) If at any time Mr. Bickson ceases to be a Director of the Company for any reason whatsoever, he shall also cease to be a Whole-time Director of the Company.

(VII) Mr. Bickson is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(l) of the Companies Act, 1956.

(VIII) If at any time Mr. Bickson ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director of the Company.

(IX) Mr. Bickson shall not be entitled to supplement his income under the Agreement with any buying or selling commissions. He shall not become interested or otherwise concerned directly or through his spouse and/or minor children, if any, in any selling agency of the Company, without the prior approval of the Central Government.

(X) Mr. Bickson shall not have the following powers :-

- (i) the power to make calls on Members in respect of monies unpaid on shares in the Company;
- (ii) the power to authorise the buy-back referred to in the first proviso to Clause (b) of sub-section (2) of section 77A;
- (iii) the power to issue debentures;
- (iv) the power to borrow monies otherwise than on debentures;
- (v) the power to invest the funds of the Company in shares, stocks and securities; and
- (vi) the power to make loans.

18. The Draft Agreement between the Company and Mr. Raymond N. Bickson as the Managing Director contains the following principal terms and conditions :

**(I) Period of Appointment :** 5 years with effect from 19<sup>th</sup> July, 2003.

**(II) Remuneration :**

**a. Salary**

In the Salary Scale of US\$ 15,000/- (approximately Rs.7,20,000/-) to US\$ 25,000/- (approximately Rs.12,00,000/-) per month with authority to the Board of Directors to determine his salary within the scale from time to time. The annual increments will be merit-based and shall take into account the Company's performance.

**b. Perquisites & allowances**

- (i) In addition to the salary and commission payable, Mr. Bickson shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; medical insurance, life insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Bickson;