



**MAHINDRA GESCO DEVELOPERS LIMITED**

**5<sup>th</sup> Annual Report 2003-2004**

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## **MAHINDRA GESCO DEVELOPERS LTD.**

### **Board of Directors**

Mr Anand Mahindra	Chairman
Mr Arun K Nanda	Vice-Chairman
Mr Ghanshyam S Sheth	Vice-Chairman
Mr Soli K Cooper	
Mr Uday Y Phadke	
Mr Hemant Luthra	
Mr Sanjiv Kapoor	

### **Management Group**

Mr. Pranab Kumar Datta - President and Chief Executive Officer
Mr. Rakesh Sharma - Vice President - Projects
Mr. Anuj Mehra - Vice President - Marketing and Business Development
Mr. Harmohan H Sahni - Chief Financial Officer
Mr. Prashant Ambulgekar - General Manager - Human Resources

### **Auditors**

Kalyaniwalla & Mistry	Chartered Accountants
B K Khare & Co.	Chartered Accountants

### **Bankers**

UTI Bank Limited  
ING Vyasa Bank Limited  
Citibank N.A.

### **Registered Office**

Mahindra Towers, 5<sup>th</sup> floor,  
Dr. G.M. Bhosale Marg,  
Worli, Mumbai – 400018.

## NOTICE

The Fifth Annual General Meeting of MAHINDRA GESCO DEVELOPERS LIMITED will be held at World Trade Center, Center 1, 30th Floor, Cuffe Parade, Mumbai - 400 005, on Friday, 30th July, 2004 at 3.00 p.m. to transact the following business:

1. To receive and adopt the Directors' Report and audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2004.
2. To appoint a Director in place of Mr. Uday Y Phadke who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** Messrs Kalyaniwalla & Mistry and Messrs B K Khare & Co. be reappointed Joint Auditors of the Company to hold office until the conclusion of the next Annual General Meeting, on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors."

### SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass the following as an Ordinary Resolution:

**"RESOLVED** that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Sanjiv Kapoor who was appointed as an Additional Director and who ceases to hold office as per the provisions of section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director as per the provisions of section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company, liable to retire by rotation."

5. To consider and, if thought fit, to pass the following as an Ordinary Resolution:

**"RESOLVED** that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Anand G. Mahindra who was appointed as an additional Director and who ceases to hold office as per the provisions of section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director as per the provisions of section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company, liable to retire by rotation."

### NOTES :

- A. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
- B. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- C. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- D. The Register of Members and Share Transfer Books of the Company will remain closed from 24th July, 2004 to 30th July, 2004 (both days inclusive).
- E. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
- F. Shareholders who have not encashed the dividend warrants so far are requested to make their claim to Messrs. Sharepro Services.
- G. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the amendment to the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to M/s. Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099.
- H. Members are requested to :
  - (a) intimate to the company's Registrar & Share Transfer Agents, M/s. Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099 changes, if any, in their registered addresses at an early date.
  - (b) quote their folio numbers/client ID / DP ID in all correspondence.
- I. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
- J. In terms of the approval granted by the Central Government, the accounts, etc., of the Company's subsidiary companies are not required to be attached with the Balance Sheet of the parent company. These documents will be submitted on request to any member wishing to have a copy, on receipt of such request by the Company at the Registered Office of the Company.

By Order of the Board

**Pranab Kumar Datta**  
President &  
Chief Executive Officer

### Registered Office :

Mahindra Towers, 5<sup>th</sup> floor,  
Dr. G. M. Bhosale Marg,  
Worli, Mumbai-400018.

Date : 14th June, 2004

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173  
(2) OF THE COMPANIES ACT 1956.****Item No. 4**

Mr. Sanjiv Kapoor was appointed as an Additional Director of the Company by the Board of Directors on 31st October, 2003. He holds office upto the date of the forthcoming Annual General Meeting pursuant to section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company.

Mr. Kapoor is a Graduate in Commerce and is also a Fellow Member of the Institute of Chartered Accountants of India. Mr. Kapoor is the partner of M/s. S.K. Kapoor & Co., Chartered Accountants, and has immense experience in conducting audit of large public sector organisations and banks.

The Board is of the view that Mr. Sanjiv Kapoor's knowledge and experience will be of immense benefit and value to the Company, and, therefore, recommends his appointment to the shareholders.

Apart from Mr. Sanjiv Kapoor, no other Director is interested or concerned in this item of business.

**Item No. 5**

Mr. Anand Mahindra was appointed as an Additional Director of the Company by the Board of Directors on 29th January, 2004. He holds office upto the date of the forthcoming Annual General

Meeting pursuant to section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company.

Mr. Anand Mahindra, Vice-Chairman & Managing Director of Mahindra & Mahindra Limited, is a member of the class of '77 of Harvard College, Cambridge from where he graduated with a Magna cum Laude and secured an MBA from the Harvard Business School.

The Board is of the view that Mr. Anand Mahindra's knowledge and experience will be of immense benefit and value to the Company, and, therefore, recommends his appointment to the shareholders.

Apart from Mr. Anand Mahindra, no other Director is interested or concerned in this item of business.

By Order of the Board

**Pranab Kumar Datta**  
*President &  
Chief Executive Officer*

**Registered Office :**

Mahindra Towers, 5<sup>th</sup> floor,  
Dr. G. M. Bhosale Marg,  
Worli, Mumbai-400018.

Date : 14th June, 2004

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MAHINDRA GESCO DEVELOPERS LTD.  
(Formerly Gesco Corporation Limited)

## Directors' Report to the Members

Your Directors present their Fifth Report together with the audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2004.

### FINANCIAL RESULTS

	(Rupees in lakhs) 2004	2003
Income .....	10067.01	9237.11
Profit before Depreciation, Interest, extraordinary items and taxation .....	2477.42	3630.94
Depreciation .....	(254.71)	(539.91)
Profit before Interest, extraordinary items and taxation .....	2222.71	3091.03
Interest .....	(1453.52)	(2435.20)
Profit before extraordinary items and taxation .....	769.19	655.83
Extraordinary items .....	—	107.12
Profit before taxation .....	769.19	548.71
Provision for taxation for the year:		
Current Tax .....	(60.60)	(58.60)
Deferred Tax .....	(72.14)	(259.58)
Profit for the year after taxation .....	636.45	230.53
Balance of Profit for earlier years .....	768.30	280.50
Transfer from Debenture Redemption Reserve .....	—	257.27
Profit available for appropriation .....	1404.75	768.30
Balance carried forward .....	1404.75	768.30

No dividend has been recommended for the year under review so as to conserve the resources of the Company.

### Operations

The general business environment in the industry has been buoyant owing to strong fundamentals, impetus provided by the general turnaround in the economic outlook, the easy availability of cheap credit and the various fiscal incentives provided by the Government.

Your Company continues to operate in the business of property development and running of commercial complexes. For the year ended 31st March, 2004, the Company has posted a profit before tax of Rs. 769.19 lakhs as against Rs. 548.71 lakhs in the preceding year.

The Company recognises that innovation will be the key differentiator from competition, so it is initiating a series of measures to institutionalise the culture of innovation. In this regard, your Company is in the process of engaging facilitation help from external resources, having experience and expertise, to impart practical training in the use of innovation tools to organisation members across functions.

Your Company initiated a series of innovative steps in marketing and project management aimed at improving quality, reducing costs and improving customer value. Some business processes have also been revamped to address customer needs in a superior fashion.

The Management and Discussion Analysis Report discusses the operations of the Company in detail and forms part of this Annual Report.

### Corporate Governance

As per the Listing Agreements with the Stock Exchanges, your Company has complied with the requirements of Corporate

Governance. A report on Corporate Governance is attached to this report.

### Directors

Mr. Suvir Ahuja resigned as Managing Director of the Company with effect from 27<sup>th</sup> August, 2003.

Mr. Rusi N. Sethna and Mr. Sudhir J. Mulji ceased to be Directors of the Company with effect from 8th September, 2003 and 17th October, 2003 respectively.

The Board places on record its appreciation of the services rendered by Mr. Ahuja, Mr. Sethna and Mr. Mulji during their respective tenures as Directors of the Company.

Mr. Sanjiv Kapoor and Mr. Anand Mahindra were appointed as Additional Directors by the Board at its Meetings held on 31st October, 2003 and 29th January, 2004 respectively. Mr. Kapoor and Mr. Mahindra hold office upto the date of the forthcoming Annual General Meeting. The Company has received notices from a member signifying his intention to propose Mr. Kapoor and Mr. Mahindra as candidates for the office of Director.

Mr. Uday Phadke retires by rotation and, being eligible offers himself for re-appointment.

### Audit Committee

The Audit Committee of the Board presently comprises of Mr. Sanjiv Kapoor (Chairman), Mr. Soli Cooper and Mr. Uday Phadke. The Committee met four times during the year.

Mr. Soli Cooper attended all the four meetings and Mr. Uday Phadke attended three meetings. Mr. Rusi Sethna (since resigned), Mr. Kashyap Vaidya (since resigned) and Mr. Sanjiv Kapoor, each attended two meetings.

**Directors' Responsibility Statement**

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and, these have been applied consistently and reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2004 and of the profit of the Company for the year ended on that date;
- 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;
- the annual accounts have been prepared on a going concern basis.

**Subsidiaries**

The Statement pursuant to section 212 of the Companies Act, 1956, containing details of the Company's subsidiary, Mahindra Infrastructure Developers Limited, is attached.

The Consolidated Financial Statements of the Company and its subsidiary, prepared in accordance with Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India, form part of the Annual Report and Accounts.

The Company has made an application to the Central Government seeking exemption from attaching the accounts, etc., of its subsidiary, Mahindra Infrastructure Developers Limited, with the Balance Sheet of the parent Company. If, in terms of the approval granted by the Central Government, the accounts, etc., of Mahindra Infrastructure Developers Limited are not required to be attached with the Balance Sheet of the parent company, these documents will be submitted on request to any member wishing to have a copy, on receipt of such request by the Company at the Registered Office of the Company.

**Auditors**

Messrs. Kalyaniwalla & Mistry, Chartered Accountants and Messrs. B. K. Khare & Co., Chartered Accountants, retire as Auditors at the forthcoming Annual General Meeting and have given their consent for re-appointment. The members will be required to appoint Auditors for the current year and fix their remuneration.

As required under the provisions of section 224 of the Companies Act, 1956, the Company has obtained a written certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

**Deposits and Loans/Advances**

The Company has not accepted any deposits from the public or its employees during the year under review.

The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the Company and its parent company, Mahindra & Mahindra Limited, are furnished separately.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company.

There were no foreign exchange earnings during the year under review. Details of foreign exchange outgo are furnished in the Notes on Accounts.

**Particulars of Employees**

The Company had one employee who was in receipt of remuneration of not less than Rs. 24,00,000 during the year ended 31st March, 2004 or not less than Rs. 2,00,000 per month during any part of the said year. However, as per the provisions of the section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report being sent to the shareholders does not include this Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company at the Registered Office.

**Acknowledgements**

The Directors would like to thank all the clients of the Company for the unstinted support received from them during the year.

The Directors would also like to place on record their appreciation for the dedicated efforts and services put in by the employees of the Company.

For and on behalf of the Board

**Anand Mahindra**  
Chairman

Mumbai, 27<sup>th</sup> April, 2004

Particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the annual accounts of the company pursuant to Clause 32 of the Listing Agreement with the Company and its parent company, Mahindra & Mahindra Limited.

Loans and advances in the nature of loans to firms/companies in which directors are interested:

Name of the Company	Balance as on	Maximum
	31st March, 2004 (Rs.)	outstanding during the year (Rs.)
Mahindra Holding & Finance Limited (on call basis) .....	37,400,000	37,400,000
Mahindra Engineering & Chemical Products Ltd. ....	—	121,239,668
Mahindra Industrial Park Limited .....	—	319,212,372



## Management Discussion & Analysis Report

The Management of the Company is pleased to present this report covering the activities of the Company during the year 2003-04.

### I. The Overall Review

The Company's revenue streams are from three areas of activities (a) project development; (b) operation of commercial complexes; and (c) business centre operations.

During the year, the Company has as a conscious strategy focussed primarily on residential project development, as it currently is likely to remain the mainstay in terms of revenue and margins. The residential development activity has increased significantly as compared to the previous year and is a major contributor to the bottom line.

The turnover from operation of commercial complexes has decreased as compared to the previous year as the Company has sold some assets yielding income from this stream and has redeployed/earmarked the funds released for redeployment in the project development activity.

The Business Centre operations are at the optimum level with near 100% occupancy.

The year closed with a turnover of Rs. 100.67 crs. and a Profit Before Tax of Rs. 7.69 crs.

### II. Business Environment

The general business environment in the industry has been buoyant owing to strong fundamentals, impetus provided by the general turnaround in the economic outlook, the easy availability of cheap credit and the various fiscal incentives provided by the Government.

The commercial segment in the industry has seen limited growth as compared to the residential segment. There is a paucity of new actual user demand in the commercial segment and the sale transactions occurring are mainly from developers to investors.

The residential segment is buoyant currently, leading to an all-round growth in the markets across the country. The mid price segment is experiencing better demand compared to the premium segment where the movements are comparably slower. The growing numbers of nuclear families, willingness of buyers to invest in houses at an early stage of their working life and with most companies moving to cost to Company concept for its employees coupled with the availability of easy bank loans have provided, impetus to growth.

This has also led to the quality of the projects being significantly better than what has been the trend hitherto. The provision of facilities like garden, swimming pool, club house etc. have become standard features in most of the projects across the cities.

Growth of certain IT and IT enabled services companies have also given the market a tremendous boost specially in cities like Bangalore, Chennai, Pune, Gurgaon and Chandigarh.

The Government is further providing the required impetus by way of improving the infrastructure in all these cities by way of better roads, improved electricity and water situation etc.

### III. Operations Review

During the year 2003-04, the Company has reduced its exposure to commercial property and has increased its activities in the residential segment. The existing projects in Mumbai, Delhi and Pune have seen brisk demand with healthy sales position. This has resulted in launch of additional buildings in each of the multi building projects.

The Company is extending its project development activities to Chennai where a commercial complex is proposed to be developed for a leading commercial bank. It is proposed to undertake other projects also in Chennai. It has expanded its activities in Pune by acquiring a plot with development potential of over 5,00,000 sq.ft.

The Tirupur Water Supply & Sewerage Project, which was started in October 2002, wherein the Company is involved in constructing the facility jointly with Larsen & Toubro Limited is proceeding as per schedule. The current year revenue on this project is Rs.5.33 crs. as compared to Rs.15.81 crs. in the previous year, which included a one-time non-recurring item of Rs.14.50 crs.

The commercial complexes operated by the Company continue to generate good income. The Company sold a few of its commercial properties during the year. One of the commercial complexes experienced lower occupancy towards the end of the year. Efforts are underway to increase the occupancy through offering this space to other corporate houses.

The Business Centre operations experienced good occupancy during most of the year and has seen reasonable growth as compared to previous year.

With a view to differentiate ourselves from competition in an increasingly competitive environment, the Company undertook a comprehensive range of marketing activities, covering various channels of interface with consumers. These included initiatives undertaken for the first time by any realty Company. Apart from brand building through the media, the Company also took initiatives in the area of direct marketing in an effort to innovatively reach out to consumers. The Company also took steps in the area of customer service by implementing a Customer Relationship Management (CRM) Software during the year. The process of using the electronics / tele-communications medium will be augmented further progressively.

The marketing and sales initiatives have resulted in a substantial rise in the sales of our residential properties at various centres and Mahindra Gesco is being recognised as one of the leading brands in the real estate sector.

The Company also continued its quest on the quality journey. The ISO 9001-2000 was awarded to it by the Bureau Veritas Quality International (Holding) S. A., London on 19<sup>th</sup> August, 2003. Your Company has enjoyed the ISO 9001 Quality Certification since February 1999.

It is proposed to make quality as part of the Company's culture encompassing all the functions. With this objective, the Company would be carrying the quality mantra further and is proposing to integrate the entire Company in the quality movement. Various types of training programmes, workshops and small group activities are being taken up to



step up the quality efforts so as to offer superior quality of product and services, to our esteemed customers.

The Company recognises that innovation will be the key differentiator from competition, so it is initiating a series of measures to institutionalise the culture of innovation. In this regard, your Company is in the process of engaging facilitation help from external resources, having experience and expertise, to impart practical training in the use of innovation tools to organisation members across functions.

Your Company initiated a series of innovative steps in marketing and project management aimed at improving quality, reducing costs and improving customer value. Some business processes have also been revamped to address customer needs in a superior fashion.

#### IV. Other Activities

The Company has entered into a Memorandum of Understanding for sale of its equity holding in Sembcorp Infrastructure (India) Pvt. Ltd. subject to the FIPB approval being obtained. Based on the review of the focus areas, it was decided to exit the investment.

During the year, the Company has restructured its loans and advances and interest receivable from its joint venture company viz. Mahindra Industrial Park Ltd. into a 6% Cumulative Preference Share Capital.

#### V. Financial Review

During the current year, the Company improved its debt equity ratio from 0.65 to 0.33. In absolute sums, the outstanding debt has been reduced from Rs.133.98 crs. as on 31<sup>st</sup> March, 2003 to Rs.69.59 crs. as on 31<sup>st</sup> March, 2004. The average cost of borrowing has also been reduced by 233 basis points over last year. This has resulted in substantial savings on interest cost.

The capital employed of the Company has been reduced from Rs.336.49 crs. as on 31<sup>st</sup> March, 2003 to Rs.282.08 crs. as on 31<sup>st</sup> March, 2004 and its profit before tax has increased from Rs.5.49 crs. to Rs.7.69 crs., a clear indicator of improved efficiency in its operations.

The operating income of the Company at Rs.71.39 crs. is higher by 20.43% than the previous year, in spite of the previous year containing a one-time income of Rs.14.50 crs. on account of the Tirupur Project.

The Company has increased its realisation per sq.ft. and decreased the construction and other costs per sq.ft. for its projects resulting in improved operating profit margins.

The profit before taxation of Rs.7.69 crs. is higher by 40.18% as compared to the profit for the year ended 31<sup>st</sup> March, 2003.

#### VI. Internal Control

The Company has adequate system of internal controls to see that all the assets are safeguarded and are productive. Checks and balances are in place to ensure that transactions are adequately authorised and reported correctly.

The Company has engaged the services of a professional agency to conduct internal audit to ensure that internal controls are in place at all the sites and offices. These are being reviewed by the Audit Committee of the Board and corrective actions are being taken by the Company where needed.

#### VII. Human Resources

The attrition rate during the year was comparatively on the higher side. This is because the quality of our human resources are recognised across industry and the Company has become the poaching ground for newer players entering the industry. To combat this, the investment in people has to be augmented and the HR strategy is being closely interwoven with the business strategy to generate greater ownership and commitment.

Relations with organisation members were cordial. To foster better team effort and higher level of engagement, open house forums were organised to share the various developments at the organisational level with the members.

As operations expand, it is clear that we have to create a unique culture in the industry which will drive us to higher levels of performance and excellence with the total involvement of all the organisation members.

#### VIII. Opportunities and Threats

The expansion in the markets owing to several factors enumerated above is clearly an opportunity for your Company. To capitalise on the emergence of small metros and second rung cities is another interesting opportunity which the Company is actively looking at.

Oversupply in certain markets like Central Mumbai and to some extent in Gurgaon may put pressure on margins. The hardening of interest rates could act as a dampner to demand.

#### IX. Risks and Concerns

The rising costs of input materials like cement and steel may impact the cost structure of the projects. The slack in the sales activity of commercial projects could be another area of concern.

The Company is addressing these concerns actively by monitoring the projects time cycle, controlling wastages and by managing its exposure of commercial properties.

#### X. Business Outlook

The real estate markets generally look positive. Your Company continues to be bullish on the residential segment and cautiously optimistic on the commercial segment.

During 2004-2005, your Company's focus will be consolidation in the existing locations while making a cautious foray into some newer centres. The operating profit margins on its projects is slated to show healthy improvement by better utilisation of resources, cost control and improvement in realisation through brand building coupled with service excellence.

*Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 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 the Company's operations include material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and other incidental factors.*

## Corporate Governance Report

### CORPORATE GOVERNANCE PHILOSOPHY

MAHINDRA GESCO DEVELOPERS LIMITED is committed to good Corporate Governance and endeavours to implement the Code of Corporate Governance in its true spirit.

The philosophy of your Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance shareholder value without compromising in any way in compliance with laws and regulations.

Your Company believes that good governance brings about sustained corporate growth and long term benefits for stakeholders. Your Company continues to follow procedures and practices in conformity with the Code of Corporate Governance as enunciated in the Listing Agreement. Details of the implementation of the Code follow in the paragraphs below.

### BOARD OF DIRECTORS

The Board of Directors monitors performance of the Company, approves and reviews policies/strategies and evaluates management performance. The Board ensures legal and ethical conduct and accurate financial reporting.

The Company presently has seven Directors. Mr. Anand G. Mahindra is the Chairman of the Board of Directors of the Company. The Chairman is a Non-Executive Director and the remaining six Non-Executive Directors are professionals, with expertise and experience in general corporate management, finance, legal and other allied fields. Mr. Pranab Datta, President and Chief Executive Officer, looks after the day-to-day affairs of the Company.

Mr. Anand G. Mahindra, Mr. A. K. Nanda, Mr. Uday Y. Phadke and Mr. Hemant Luthra, Non-Executive Directors of your Company are in the whole-time employment of the parent Company, Mahindra & Mahindra Limited and draw remuneration from that Company. Apart from the above and apart from the reimbursement of expenses incurred in the discharge of their duties, the remuneration that these Directors would be entitled to under the Companies Act, 1956 as Non-Executive Directors, and the remuneration that some of the Directors may receive for the professional services rendered to the Company either in individual capacities or through the firms in which they are partners, none of these Directors has any other material pecuniary relationship or transactions with the Company, its Promoters, its Management or its subsidiaries which in the judgement of the Board would affect the independence or judgement of the Directors.

### I. BOARD OF DIRECTORS:

#### A. The Constitution of the Board as on 31st March, 2004

Names of the Directors (Non-Executive)	Total No. of Directorships, Chairmanships & Memberships of Committees held as on 31st March, 2004. (other than in private companies and foreign companies)		
	Director of Public Companies*	Member of Committees **	Chairman of Committees **
Mr. Anand Mahindra (Chairman)	12	2	—
Mr. Arun K Nanda (Vice Chairman)	13	9	3
Mr. G S Sheth (Vice Chairman) (Independent Director)	3	1	1
Mr. Soli K Cooper (Independent Director)	3	1	—
Mr. Uday Y Phadke	10	9	2
Mr. Hemant Luthra	9	5	2
Mr. Sanjiv Kapoor (Independent Director)	2	1	1

\* including Directorship in Mahindra Gesco Developers Limited

\*\* Committees considered are Remuneration Committee, Audit Committee and Shareholders/Investors Grievance Committee, including in Mahindra Gesco Developers Limited

### B. Board Procedure

A detailed agenda folder is sent to each Director in advance of Board and Committee Meetings. To enable the Board discharge its responsibility effectively, the President & Chief Executive Officer of the Company briefs the Board at every Meeting on the overall performance of the Company. A detailed functional report is also placed at every Board Meeting. The Board also reviews strategy and business plans, annual operating and capital expenditure budgets, compliance with statutory/ regulatory requirements and review of major legal issues, adoption of quarter/half-yearly/ annual results, significant labour issues, investment and exposure limits, major accounting provisions and write-offs, corporate restructuring, minutes of meetings of the Audit Committee of the Board.

### C. Attendance of the Directors at Meetings of the Board and of the Members

The Board of Directors meets at least once a quarter to review the Company's performance and financial results and more often, if necessary, to transact other businesses.

Four Board Meetings were held during the period 1<sup>st</sup> April, 2003 to 31<sup>st</sup> March, 2004 on the following dates:- 29<sup>th</sup> April, 2003, 31<sup>st</sup> July, 2003, 31<sup>st</sup> October, 2003 and 29<sup>th</sup> January, 2004.

The Fourth Annual General Meeting was held on 31<sup>st</sup> July, 2003.

The attendance of the Directors at these meetings is as under:

Director	No. of Board Meetings attended	Attendance at the last Annual General Meeting
Mr. Anand Mahindra*	1	—
Mr. Arun K Nanda	4	Yes
Mr. Ghanshyam S Sheth	3	Yes
Mr. Soli K Cooper	3	Yes
Mr. Uday Y Phadke	3	No
Mr. Suvir R Ahuja \$	1	No
Mr. Hemant Luthra	3	No
Mr. Sanjiv Kapoor**	2	—
Mr. Sudhir J Mulji ***	—	No
Mr. Rusi N Sethna ****	2	Yes
Mr. Kashyap K. Vaidya *****	2	Yes

\* Appointed as Additional Director and Chairman on 29<sup>th</sup> January, 2004

\*\* Appointed as Additional Director on 31<sup>st</sup> October, 2003

\*\*\* Resigned as Chairman and Director on 17<sup>th</sup> October, 2003

\*\*\*\* Resigned as Director on 8<sup>th</sup> September, 2003

\*\*\*\*\* Did not seek re-election at the fourth Annual General Meeting held on 31<sup>st</sup> July, 2003.

\$ Resigned as Managing Director with effect from 27<sup>th</sup> August, 2003.