




Nestlé
Good Food. Good Life

NESTLÉ INDIA LIMITED
ANNUAL REPORT 2000

Report  junction.com

TABLE OF CONTENTS

BOARD OF DIRECTORS	1
DIRECTORS' REPORT	2
ANNEXURE-1 TO THE DIRECTORS' REPORT	7
AUDITORS' REPORT	12
ANNUAL ACCOUNTS	14
CASH FLOW STATEMENT	28
ANNEXURE-2 TO THE DIRECTORS' REPORT	30
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE	Inside Back Cover



BOARD OF DIRECTORS

DIRECTORS

Narendra Singh (upto 25th April, 2000)
Chairman Emeritus

Carlo M.V. Donati
Chairman & Managing Director

Jean Marc Waelti (from 1st July, 2000)
Director – Finance & Control

Lim Khing Fong (upto 24th October, 2000)
Michael W.O. Garrett
Brij Mohan Khaitan
Tejendra Khanna (from 24th October, 2000)
Jean-Daniel Luethi (upto 1st July, 2000)
Ravinder Narain
Richard Sykes (from 8th March, 2001)
[Alternate to Michael W.O. Garrett]

SECRETARY

B. Muri

BANKERS

ABN Amro Bank N.V.
Banque Nationale de Paris
Citibank N.A.
Corporation Bank
Deutsche Bank
HDFC Bank Limited
ICICI Bank Limited
Punjab National Bank
Standard Chartered Grindlays Bank
State Bank of Hyderabad
State Bank of India

AUDITORS

A.F. Ferguson & Co.

REGISTERED OFFICE AND SHARES DEPARTMENT

M-5A, Connaught Circus
New Delhi 110 001
Ph : 332 9891
Fax : 372 5130

HEAD OFFICE

Nestlé House
Jacaranda Marg 'M' Block
DLF City Phase II
Gurgaon – 122 002 (Haryana)

BRANCH OFFICES

26/2 Spencer Road
Fraser Town
Bangalore 560 005

7, Hare Street
Calcutta 700 001

915 N.A.C. Manimajra
Chandigarh (U.T.) – 160 001

Spencer Plaza
769, Anna Salai
Chennai 600 002

Kaiser-I-Hind Building
Currimbhoy Road
Ballard Estate
Mumbai 400 001

M-5A, Connaught Circus
New Delhi 110 001

FACTORIES

Village Maulinguem (North)
Bicholim Taluka - 403 504
(Goa)

Ludhiana-Ferozepur Road
Near Kingwah Canal
Moga 142 001
(Punjab)

Industrial Area
Nanjangud 571 301
Mysore District (Karnataka)

P.O. Cherambadi 643 205
Dist. Nilgiris (Tamil Nadu)

Patti Kalyana, Kiwana Road
Samalkha 132 101
Dist. Panipat (Haryana)

Plot No. 294-297
Usgao Industrial Area
Ponda 403 406 (Goa)

LISTING OF EQUITY SHARES

(Listing Fees paid)

The Delhi Stock Exchange Association Limited,
DSE House
3/1 Asaf Ali Road
New Delhi - 110 002

The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

ANNUAL GENERAL MEETING

Wednesday, 27th June, 2001 at 10.00 AM
at Air Force Auditorium, Subroto Park,
New Delhi 110 010.

Shareholders attending the AGM are
requested to bring with them the enclosed
ATTENDANCE SLIP.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in submitting their report and the statement of accounts for the year ended 31st December, 2000.

Financial Results and Operations

	(Rs. in Millions)	
	2000	1999
Gross Revenue	16,882	15,522
Gross Profit (before interest, depreciation and tax)	2,847	2,431
Interest	149	265
Depreciation	379	319
Impairment Loss on Fixed Assets	33	123
Provision for Contingencies (Net)	295	142
Provision for Tax	805	597
Profit After Taxation	1,186	985
Profit Brought Forward	528	499
Balance Available for		
Appropriation	1,714	1,484
Interim Dividends Paid	771	337
Final Dividend Proposed	579	434
Corporate Dividend Tax	144	87
Transfer to General Reserve	119	98
Surplus carried in Profit and Loss Account	101	528

Domestic Sales grew by 7% in value and 15% in volume terms, during the year. Export Sales grew by 16% in value and 32% in volume. Profit After Tax grew by 20% from Rs. 985 million to Rs. 1,186 million.

The market and economic growth continued to be sluggish during 2000. Concerted efforts of the management to maintain the price of products (in some cases even reduction of prices), better working capital management, continuous improvement of supply chain and a focus on flagship brands, contributed significantly towards the above profitability. The favourable impact of the commodity prices during parts of the year and the product mix, also contributed significantly towards improvement in profitability.

During the year, the Company retired

certain fixed assets from active use at various locations and the impairment loss on such fixed assets has been charged to the Profit and Loss Account.

Out of business prudence, the Company supplemented the Contingency Provision with further amount in 2000 of Rs. 295 million (net) to provide for various contingencies resulting from matters mainly relating to issues under litigation, dispute and management discretion.

Your Company's overall sales and profit progression during 2000 can be considered satisfactory and in line with the expectations.

The current year has commenced as per plan in the domestic market and your Directors are hopeful of continued good results. However, with the current level of inflation and economic indicators pointing towards a sluggish market, it would be difficult for the Company to maintain the level of earnings unless the Company takes price increase on finished products which would depend on market conditions and competitor activities.

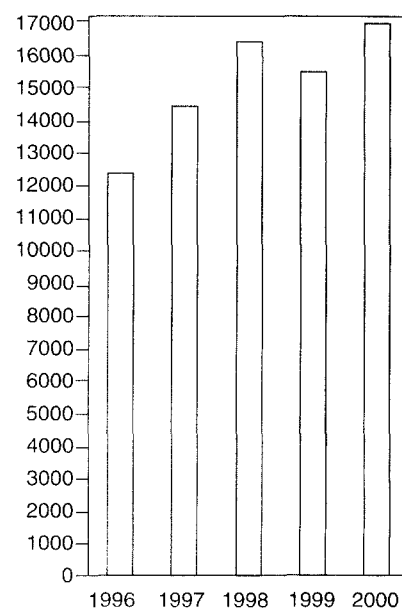
Exports

Export Sales for the year at Rs. 2,655 million have grown by 32% in volume terms, over the last year. This has been mainly due to the higher exports of NESCAFE to Russia, buoyant sales of Instant Tea and good performance of the culinary products. However, depressed green coffee prices in domestic and international markets kept the export realisations low. Measures taken for tapping new market and product opportunities have also contributed to this growth. The export competitiveness of value added instant coffee manufactured in India continues to be adversely affected by the purchase tax levied on green coffee. Efforts continue to tap new market and product opportunities.

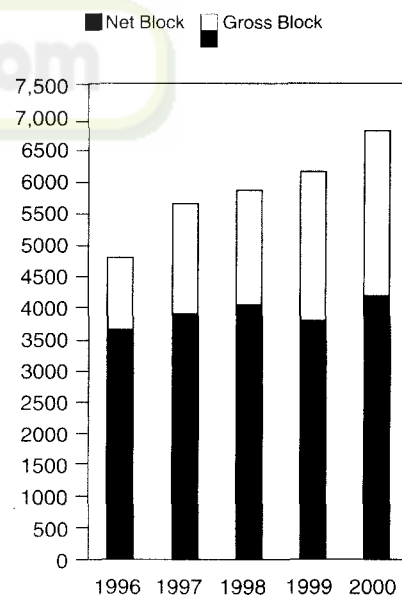
Dividends

Interim dividend of Rs. 8.00 per equity

Gross Income (Rupees in Millions)



Fixed Assets (Rupees in Millions)





share, including Rs. 4.50 per equity share out of undistributed profits of the previous financial years, was paid during 2000.

Your Directors are pleased to recommend to the Annual General Meeting a final dividend of Rs. 6.00 per equity share. The dividend, if approved, shall be payable to the shareholders registered in the books of the Company and beneficial owners furnished by the Depositories, determined with reference to the book closure from 16th June, 2001.

Business Development

In line with the Company's objective to provide superior value in every product category and market sector, efforts were focussed to provide quality products to customers at attractive price points. While the Company continued to generally maintain price points across all the product categories, the pricing of some products were also reduced to meet consumer expectations.

MAGGI Noodles re-launched in 1999 in response to popular consumer taste preference, continued to boost sales during 2000 in the culinary segment. New flavour profiles were introduced in the bouillon business.

The market continued to react positively to the initiatives taken in the recent past to grow the consumption of instant coffee in the domestic market. The new NESCAFE pricing and bringing the popular SUNRISE brand under NESCAFE umbrella to benefit from its association continued to strengthen the category. NESCAFE Frappe a blend of coffee, mocha and vanilla, which makes a delicious frothy cold coffee was launched in select metropolitan cities in the third quarter. This was another strategic launch and seeks to address consumer with preference for cold drinks. NESCAFE Frappe has received encouraging response.

In the area of Chocolate and Confectionery NESTLE MUNCH - Crisp wafer biscuit with chocolayer, which was launched in select

markets in 1999, was rolled out nationally during 2000 and had good growth. Continuing with the efforts to meet consumer expectation on price points, the pricing of KITKAT was also reduced during the later half of the year. Moulded Chocolates and Eclairs also showed satisfactory growths. This has also helped in improving the infrastructure and distribution reach of the Company in the Chocolate and Confectionery segment.

In the milk and cereal categories, EVERYDAY Dairy Whitener and cereals had satisfactory growth. NESTLÉ Growing up Milk, a new product offering superior nutrition, launched in 1999 was rolled out nationally during the year.

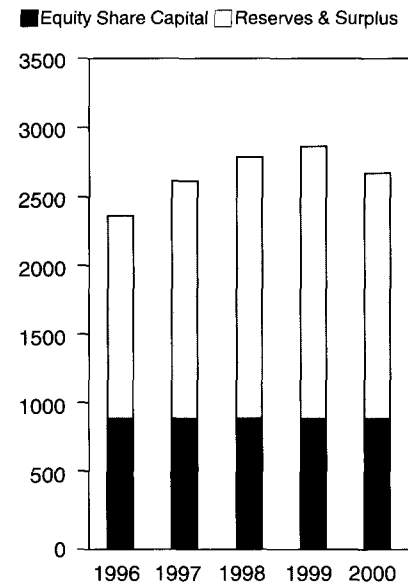
Your Company has also entered the Chilled Dairy business with the recent launch of NESTLÉ Dahi in select cities of the North. The initial response has been very encouraging and your Company is working on plans to further leverage the international expertise of Nestlé Group, Switzerland in the area of Chilled Dairy.

The performance of other products were generally in line with expectations. A few products whose performance was not considered satisfactory are under constant review for corrective action.

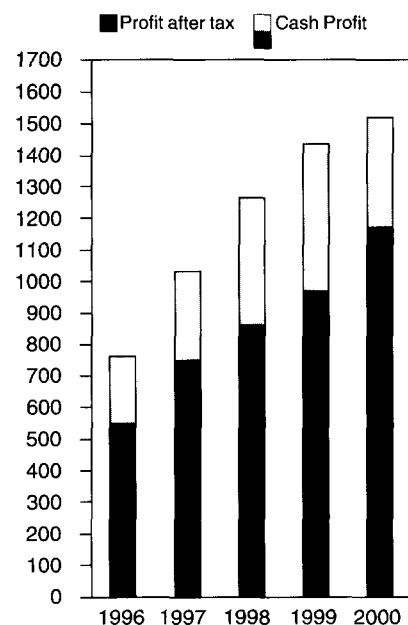
Your directors are pleased to report the implementation of the two new projects undertaken by the Company during 2000 - packaged milk and packaged drinking water. Both the projects seek to leverage the worldwide experience and knowledge of Nestlé Group, Switzerland who are the leaders in these product categories.

In line with its objective of long term growth and entry in significant value added food segments, the Company forayed into the Ultra Heat Treated (UHT) liquid milk business in April 2000 by launch in Mumbai. Packaged UHT milk seeks to address growing consumer concerns on adulteration and product safety and brings with it reliability, complete hygiene and safety. It

Shareholders' Funds (Rupees in Millions)



Earnings (Rupees in Millions)



offers convenience to the consumer, in terms of a shelf life without any deterioration in the product quality and easy usage without refrigeration or boiling. UHT Milk has received encouraging response and has been rolled out in select cities of the West, South and North.

The project for bottled water was implemented at the Samalkha factory and water launched in February, 2001 under the brand NESTLÉ PURE LIFE and is available in select cities. NESTLÉ PURE LIFE contains a balance of essential minerals and a light pleasant taste and is manufactured under stringent quality control. The packaging has been specially designed to maximise safety for the consumer and protect from possible tampering.

The new categories like bottled water and liquid milk are lower margin categories and will require considerable investments. Your Company sees them as strategic and as requiring support on a sustained basis.

The two new Sales Branches at Bangalore and Chandigarh set up in 1999 to further strengthen the flexibility of the Sales organisation and for speedier response to the market conditions, have started showing positive results during the year. With a view to expand distribution and increase penetration in smaller towns, a concerted drive was undertaken to make products affordable and accessible to consumers. Initiatives taken include more penetrative pricing and smaller packs covering brands such as EVERYDAY Dairy Whitener, MAGGI Noodles, MILO Chocolate Energy Drink and NESCAFÉ Instant Coffee. The response has been encouraging.

The Alternative Trade Channel unit created in 1999 undertook initiatives to tap the opportunities for out of home consumption, particularly for instant coffee and chocolate and confectionery and to extend availability of product to non-traditional outlets. The outcome of these initiatives has been encouraging and is being consolidated.

Availability of NESCAFÉ has been enhanced through an expansion of the vending machine network and new consumption opportunities for Chocolates and Confectionery were identified and developed in areas like railway platforms, college canteens and major events.

On the manpower development front, programmes during the year continued to be focussed on the operational front – more particularly sales and production.

To support the growth plans and distribution strategy, and simultaneously improve the operational efficiency, the thrust on strengthening supply chain continued to receive attention during the year. In addition to consolidating the improvements made over the last two years, significant progress was recorded in following areas:

- Reduction in finished goods inventory pipeline to improve freshness of stocks and reduce working capital.
- Control of distribution costs through innovative measures, despite steep increases in cost of fuel.
- Sustained improvement in customer service level to improve product availability across all geographies and channels.
- Reduction in obsolescence of materials.

Innovation and Renovation

Product innovation and renovation is one of the key elements in remaining a leader and for long term profitable growth. Innovation and renovation in all facets of Company operations would be the key focus area during 2001. This initiative needs to be continuous and timely, to remain competitive.

New Head Office

The Company moved into its new Head Office at Gurgaon. The new Head Office has been designed to provide the

employees with work environment that enhances white collar productivity. The new Office design seeks to stimulate improved internal communication and enhance transparency in working. State of the art facilities for training, tasting, and a fully equipped test kitchen, have been made available that will facilitate the efforts for innovation and renovation.

Technology from Nestle

The Company being a part of Nestlé Group, Switzerland benefits from its access to proprietary technology, technical and non-technical expertise and the fruits of the extensive centralised Research and Development. The diversified knowledge and expertise have contributed significantly to the operations of your Company over the years. Some of the key areas, which have benefited are:

- Manufacture of products of truly international quality. Product quality, which encompasses taste, appearance, convenience and overall value for money, is a critical factor in consumer choice and in a competitive market like India could determine the very survival of the products. The high quality of products of your Company is borne out by the position and image the products enjoy in the market and your Company continuing to be a leading exporter of value added Instant Coffee in the country.
- Benchmarking of products against competition to achieve an advantage in product quality, for increasing competitiveness.
- Access to latest technological developments, such as Spearpoint Technology for Cocoa based products implemented during 2000 which would improve product quality and competitiveness and the MUCH technology for instant coffee manufacture implemented during 1999, which would enhance the productivity



by increased extraction of coffee solids from coffee beans.

- Implementation of project for bottled drinking water.
- Product innovation and renovation – some illustrations are MUNCH Crisp wafer biscuit with chocolayer; Nestlé Dahi; Nestlé Milk (UHT); Junior Foods; NESCAFÉ Frappe; KITKAT Milky; new and improved flavours profiles of bouillons; and relaunch of MAGGI Noodles.
- Enhancement of skill and competence of Company personnel due to the training received.
- Implementation of environmentally sound business practices.
- Technical expertise in various forms including Information Technology, which has enabled the business of your Company to grow and sustain.
- Providing assistance by way of improved technical and quality standards to local manufacturers, who have contract manufacturing arrangements with your Company.

Your Directors are pleased to report the signing of the General Licence Agreement with the collaborator providing licence of all intellectual property rights for the products manufactured and sold by the Company using such intellectual property. The General Licence Agreement which is effective 1st January, 2001 aligns the Company with the global practice of Nestlé Group and would be beneficial to the Company. Undoubtedly, without the know how provided and ongoing technical assistance, your Company would have found it difficult to achieve the progress that has been attained. Your Directors note with satisfaction that being a part of Nestlé Group, the ongoing technology transfer and access to the fruits of extensive Research and Development and authorisation to use internationally famous brands, would help the Company significantly in its efforts to remain competitive in the market.

Community Health

Recognising its responsibility to the community in which it operates, the Company over the years has been taking initiatives in the area of community health at locations around its factories. Some of the initiatives taken in the recent past are:

- Provide Government and village schools with facilities for toilets and hygienic drinking water including deep bore wells, where necessary.
- Support to health officials in Pulse Polio programmes.
- Sponsorship of treatment of TB patients at clinic run by NGO.
- Healthcare Programmes with focus being on well being of employees and their families covering vaccination, awareness programmes and health check up.

Moga Milk District

Your Company which started milk collection in Moga in 1961 with a daily collection of 510 kg. of milk from 180 farmers, has expanded its operations to an average daily collection of 540,000 kg. of milk with total yearly collection of around 200 mio. kg. of milk from nearly 81,000 farmers in its milk district. The Company owns no farms or cattle but through its Agricultural Services – a world wide initiative of Nestlé Group, works closely with the farmers to obtain the highest quality raw material. Recognised as “Partners in Progress”, Nestlé Agricultural Services at Moga factory has contributed its mite to the upliftment of the milk district. Some significant steps taken by the Company in the recent past are:

- Installation of farm coolers.
- Milk Collection Centres provided with new and improved equipment to enable on the spot testing of quality.
- Initiation of mechanisation of large dairy farms.
- Farmer development programmes.

The Company has over the past decades been providing facilities and support to the dairy farmers in areas such as veterinary services, breed improvement, balanced cattle feed mixture, feeding for dairy herds, fodder seeds and training for improved farm management practices.

The milk district is a reflection of your Company's commitment to nurturing quality, technology and improved systems in the community and the company's initiatives to improve living in the region.

Information Technology

Your Company continued to make significant investments in the Information Services/Technology area to cope with the growing information needs necessary to manage operations more effectively in a complex supply chain environment.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, the Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st December, 2000 and the profit and loss account for the year ended 31st December, 2000;
- 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.

Corporate Governance

A separate report on Corporate Governance along with Auditor's certificate on its compliance is attached as Annexure – 1 to this Report.

Directors

As scheduled, Mr. Narendra Singh relinquished office as Director and Chairman of the Company with effect from 25th April, 2000. Mr. Narendra Singh accepted appointment as Chairman Emeritus thereafter.

Your Directors were pleased to appoint Mr. Carlo M.V. Donati, Managing Director as the Chairman with effect from 25th April, 2000 pursuant to nomination received from Nestlé S.A. under Article 132 of the Articles of Association.

Your Directors appointed Mr. Jean Marc Waelti as a Wholetime Director, designated as "Director – Finance and Control" for a period of five years with effect from 1st July, 2000. Mr. Waelti has been appointed as a Director pursuant to the nomination received from Nestlé S.A. in terms of Article 118A of the Articles of Association of the Company, in place of Mr. J.D. Luethi, who relinquished office as a Director of the Company with effect from 1st July, 2000.

Mr. Waelti is well qualified and has wide and varied international experience. Prior to his appointment as Director, Mr. Waelti was discharging responsibility as the Executive Vice President – Finance and Control of the Company since May, 1998. The appointment of Mr. Waelti is appropriate and in the best interest of the Company. The Directors recommend the approval of his appointment on the terms of remuneration as included in the Notice of the Annual

General Meeting read with the Explanatory Statement.

Mr. Lim Khing Fong resigned as a Director of the Company with effect from 24th October, 2000. Mr. Tejendra Khanna, appointed in the casual vacancy has had a distinguished career with the Government after joining the Indian Administrative Services. His experience would be of immense benefit to the Company. Mr. Khanna holds office till the Annual General Meeting and is eligible for reappointment. Notice has been received from a member signifying his intention to propose Mr. Khanna as a Director.

Mr. Richard Sykes was appointed as the Alternate Director for Mr. M.W.O. Garrett with effect from 8th March, 2001. Mr. Richard Sykes holds a senior legal position in Nestlé Group, Switzerland and is the co-ordinating legal counsel for many Nestlé Group companies. The experience of Mr. Sykes would be of immense benefit to the Company.

The Directors wish to place on record their appreciation for the contributions made by Mr. J.D. Luethi and Mr. Lim Khing Fong, during their tenure as Directors of the Company.

In accordance with Article 119 of the Articles of Association, Mr. Ravinder Narain retires by rotation and being eligible offers himself for reappointment.

Auditors

M/s A. F. Ferguson & Co., Auditors of the Company, retire in accordance with the provisions of the Companies Act, 1956, and being eligible offer themselves for re-appointment.

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have appointed M/s Ramnath Iyer and Co. as the

Cost Auditors to conduct the cost audit of infant milk foods and milk foods for 2001, subject to the approval of the Central Government.

Information regarding Conservation of Energy etc. and Employees

Information required under Section 217(1)(e) of the Companies Act, 1956 (hereinafter referred to as "the Act") read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure – 2 forming part of this Report. Information as per Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to all the members excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Act. Any member interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

Employees

The Directors wish hereby to place on record their appreciation of the efficient and loyal services rendered by all staff and work force of the Company, without whose wholehearted efforts, the overall very satisfactory performance would not have been possible.

On behalf of the Board of Directors

7th March, 2001
New Delhi

CARLO M. V. DONATI
CHAIRMAN



ANNEXURE-1 TO THE DIRECTORS' REPORT

Report on Corporate Governance

NESTLÉ'S PHILOSOPHY ON CODE OF GOVERNANCE

Nestlé India Limited, as a part of Nestlé Group, Switzerland has over the years followed best practice of Corporate Governance by adhering to practices laid down by Nestlé Group. The two most significant documents from Nestlé Group, which defines the standard of behaviour of Nestlé India, are "Nestlé Corporate Business Principles" and "The Basic Nestlé Management and Leadership Principles".

Nestlé India's business objective and that of its management and employees is to manufacture and market the company's products in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees, business partners and the national economy. Nestlé India is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, Nestlé India endeavours to ensure that highest standards of ethical conduct are met throughout the organisation.

As per the schedule of implementation of Corporate Governance Code mentioned in Clause 49 of the Listing Agreement, the Company has implemented the mandatory requirements of the Code. The Directors are pleased to report that even before the Code had come into picture, Nestlé India has been proactive in its efforts to adhere to the best practices of Governance set out by Nestlé Group, Switzerland. Compliance with the requirements of the Corporate Governance Code is only a formalisation of the best practices already followed by the Company.

BOARD OF DIRECTORS

Composition, Attendance at the Board Meetings and the last Annual General Meeting, Outside Directorships and other Board Committees

Above information as on 31st December, 2000 or for the year 2000, as applicable, is tabulated hereunder:

Director	No. of Board Meeting attended ^A	Attendance at previous AGM on 24.04.2000	No. of outside Directorship held ^B	No. of membership/ chairmanship in other Board Committees ^C	Executive/ Non Executive/ Independent
Mr. Carlo M.V. Donati ¹	4	Present	Nil	Nil	Executive
Mr. Jean Marc Waelti ²	1	N.A.	Nil	Nil	Executive
Mr. B.M. Khaitan	3	Present	14	1	Non Executive & Independent
Mr. Ravinder Narain	4	Present	5	Nil	- do -
Mr. Tejendra Khanna ³	1	N.A.	1	2	- do -
Mr. Narendra Singh ⁴	2	Present	N.A.	N.A.	- do -
Mr. M.W.O. Garrett	Nil	Not Present	Nil	Nil	Non Executive
Mr. Lim Khing Fong ⁵	Nil	Not Present	N.A.	N.A.	Non Executive
Mr. J.D. Luethi ⁶	Nil	Not Present	N.A.	N.A.	Non Executive

¹ Nominee of Nestlé S.A.

² Appointed as Director with effect from 1st July, 2000. Nominee of Nestlé S.A.

³ Appointed as Director with effect from 24th October, 2000.

⁴ Relinquished the office of Director with effect from 25th April, 2000.

⁵ Relinquished the office of Director with effect from 24th October, 2000.

⁶ Relinquished the office of Director with effect from 1st July, 2000. Was a nominee of Nestlé, S.A.

^A Attendance at the Board Meetings relevant to the period when Director of the Company.

^B Directorship in companies registered under the Companies Act, 1956 excluding directorship in private companies and alternate directorship.

^C Only covers membership/chairmanship of Audit Committee, Remuneration Committee and Shareholders / Investors Grievance Committee.

Board Meetings held during the year 2000

During the year 2000, four Board Meetings were held on 24th February, 2000, 24th April, 2000, 21st July, 2000 and 24th October, 2000.

BOARD COMMITTEES**Audit Committee**

Audit Committee was constituted on 24th October, 2000 and comprises of Mr. Tejendra Khanna, Mr. B.M. Khaitan and Mr. Ravinder Narain, all being Non Executive and Independent Directors. Mr. Tejendra Khanna, who has financial and accounting knowledge, has been nominated as the Chairman of the Audit Committee. Mr. B. Murli, Company Secretary acts as Secretary to the Committee. The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. The first meeting of the Audit Committee after constitution was held on 24th January, 2001 which was attended by Mr. Tejendra Khanna and Mr. Ravinder Narain.

Shareholders Committee

Shareholder / Investor Grievance Committee was constituted on 24th October, 2000 and Mr. Ravinder Narain, a non-executive and independent Director is the Chairman. Mr. Carlo M.V. Donati is the other member of this Committee and Mr. B. Murli, Company Secretary, has been nominated as the Compliance Officer.

During the year 2000, 372 complaints were received from shareholders and investors. All the complaints have generally been solved to the satisfaction of the complainants, except for disputed cases and sub-judice matters, which would be solved on final disposal by the Courts.

All valid requests for share transfer received during 2000 have been acted upon by the Company and no such transfer is pending.

Remuneration Committee

Matters of remuneration of Executive Directors are considered by the Board of Directors of the Company, with the interested Executive Director(s), not participating or voting. The terms of remuneration of Executive Directors are approved by the shareholders at the General Body Meeting. Therefore no separate remuneration committee has been constituted.

The remuneration policy of the Company is based on the need to attract the best available talent and be in line with the industry levels.

REMUNERATION OF DIRECTORS FOR 2000

(Rupees in '000)

Name of the Director	Sitting Fee	Salaries and Perquisites	Commission	Total
Mr. Carlo M.V. Donati ¹	Nil	61,72	75,93	137,65
Mr. B.M. Khaitan	12	Nil	38	50
Mr. Tejendra Khanna	5	Nil	38	43
Mr. Ravinder Narain	19	Nil	38	57
Mr. J.M. Waelti ²	Nil	24,55	8,10	32,65
Mr. Narendra Singh	7	Nil	Nil	7

¹ The Company has service contract with Mr. Carlo M.V. Donati for a period of 5 years with effect from 1st July, 1998. The notice period is of one month and the severance fee is the sum equivalent to remuneration for the notice period or part thereof in case of shorter notice.

² The Company has service contract with Mr. Jean Marc Waelti for a period of 5 years with effect from 1st July, 2000. The notice period is of three months and the severance fee is the sum equivalent to remuneration for the notice period or part thereof in case of shorter notice.

Commission is subject to adequate profits being earned. Performance criteria for the executive directors takes into account the business plans and market conditions. The Company does not have any stock option scheme.