

ANNUAL REPORT 2002 - 2003

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SMIFS Capital Markets Limited

Company Secretary (SMIFS Capital Markets Limited)



SMIFS CAPITAL MARKETS LIMITED

SMIFS CAPITAL MARKETS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Member of SMIFS CAPITAL MARKETS LIMITED will be held on Saturday, the 27th of September, 2003 at the Registered Office of the Company at 'Vaibhav' 4F, 4, Lee Road, Kolkata- 700 020 at 10.30 a.m. for transacting the following business :

Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2003, the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R. Maheswari, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from conclusion of the Twentieth Annual General Meeting until conclusion of the Twenty-first Annual General Meeting and to authorise the Board to fix their remuneration.

Special Business

4. To consider, and if thought fit, to pass with or without modification, the following Resolution as a **ORDINARY RESOLUTION** :

Appointment of Mr. Chandranath Mukherjee as Director

"RESOLVED THAT Mr. Chandranath Mukherjee who holds office as an Additional Director with effect from 21.6.2003 under Section 260 of the Companies Act, 1956 and Article 28 of the Article of Association of the Company and who holds office upto the Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, from a member proposing the candidature of Mr. Chandranath Mukherjee for the office of Director be and is hereby appointed a Director of the Company whose period of office will be liable to retire by rotation."

5. To consider, and if thought fit, to pass with or without modification, the following Resolution as a **SPECIAL RESOLUTION** :

Renewal of Corporate Guarantee

"RESOLVED THAT pursuant to the provisions of section 372A and other applicable provisions of the Companies Act, 1956, the Corporate Guarantee provided by the Company vide Board resolution passed on 22.3.2003 for Herbicure Private Limited upto Rs. 3,00,00,000 (Rupees three crores only) in favour of State Bank of India, Kolkata be and is hereby ratified. "

Notes:

- A Member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies, in order to be effective, must be received by the Company at 'Vaibhav' 4F, 4, Lee Road, Kolkata - 700 020 not less than forty-eight hours before the start of this Annual General Meeting.
- Members are requested to notify any change in their address immediately to the company at 'Vaibhav' 4F, 4, Lee Road, Kolkata - 700 020 or to the Registrars M/s. Maheshwari Datamatics Pvt Ltd., 6, Mangoe Lane, Kolkata - 700 001.
- Members who have multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the company at its Registered Office for consolidation of all such shareholdings into one account to facilitate better service.
- Members are requested to notify any change in their address / mandate / bank details immediately at the Registered Office of the Company.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 16.9.2003 to 27.9.2003 (both days inclusive).
- The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
- Serial No. 6 being the Special Business requires consent of shareholders through postal ballot. Postal Ballot Form along with instructions in self-addressed envelope is enclosed.
- The Postal Ballot Form should reach the address of the Scrutinizer given in the self addressed stamped envelope not late than 24.9.2003.

By order of the Board

Regd. Office: 'Vaibhav' 4F,
4 Lee Road,
Kolkata - 700 020
Date : 31.7.2003

(S. C. PAL)
Company Secretary – cum - Vice President (Legal)

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

Mr. Chandranath Mukherjee was appointed as an Additional Director of the Company w.e.f. 21.6.2003 in accordance with Section 260 of the Companies Act, 1956 and Article 28 of the Article of Association of the Company. He holds office upto the forthcoming Annual General Meeting and is eligible for appointment. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Chandranath Mukherjee as Director of the Company.

Your Directors recommend the resolution for your approval.

Except Mr. Chandranath Mukherjee, no other director is interested in the proposed resolution.

Item No. 5

At the request of Herbicure Private Limited, the Board of Directors passed a resolution on 22.3.2003 providing Corporate Guarantee upto Rs. 3,00,00,000/- (Rupees three crores only) to State Bank of India, Kolkata.

Your Director recommend the ratification of the Board Resolution passed on 22.3.2003 as required by Section 372A of the Companies Act, 1956, the resolution is proposed to be passed as a Special Resolution.

Pursuant to the Companies (Passing of resolution by Postal Ballot Rules, 2001) the resolution is proposed to be passed through postal ballot and the rules framed there under have been complied.

No Director is personally interested in the resolution.

By Order of the Board

Regd Office :

Vaibhav' 4F, 4, Lee Road,
Kolkata - 700 020
Date: 31.07.2003

(S. C. PAL)

Company Secretary - cum - Vice President (Legal)

PROXY FORM**SMIFS CAPITAL MARKETS LIMITED**

Regd. Office : 'Vaibhav' 4F, 4, Lee Road, Kolkata - 700 020

I/We of in the District of being a member/members of the above named Company hereby appoint of in the district of or failing him of in the district of as my/ our Proxy to vote for me/us and on my/our behalf, at the Twentieth Annual General Meeting of the Company to be held on Saturday, the 27th day of September, 2003 at 10.30 A.M. and at any adjournment thereof. Signed this day of 2003.

Revenue

Stamp

.....
(Member's Signature)

Note : The proxy and the Power of Attorney (if any) under which it is signed or a notarially certified copy of that Power of attorney must be deposited at the registered Office of the Company at 'Vaibhav' 4F, 4, Lee Road, Kolkata - 700 020, 48 hours before the aforesaid Meeting.

SMIFS CAPITAL MARKETS LIMITED

Regd. Office : 'Vaibhav' 4F, 4, Lee Road, Kolkata - 700 020

ATTENDANCE SLIP

Name of the Attending Member/Proxy* (in block letters) :
Member's Folio No. / DP ID no.
No. of Shares held
I hereby record presence at the Annual General Meeting **

Member's / Proxy Signature

* Please strike off whichever is not applicable

** To be signed at the time of handing over this slip

Note: 1. To be handed over, duly filled in, at the Entrance of the Meeting Hall.

2. Shareholders/Proxy holders desiring to attend the meeting should bring a copy of the annual Accounts.

REPORT JUNCTION

REPORT JUNCTION is a leading provider of research and analysis services for the financial industry. Our team of experts provides comprehensive reports on a wide range of topics, including market trends, company performance, and industry developments. We are committed to providing accurate and timely information to our clients, helping them make informed decisions in the marketplace.

Our reports are designed to be easy to read and understand, providing a clear overview of the key findings and insights. We also offer a range of additional services, including data analysis, consulting, and training, to help our clients maximize the value of our reports.

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BOARD OF DIRECTORS

Mr. U. Parekh, Chairman

Mr. R. Maheshwari

Mr. P. V. S. Raju (upto 31.03.2003)

Mr. K. Shah, Executive Director (w.e.f. 01.04.2003)

Mr. Chandranath Mukherjee (w.e.f. 21.06.2003)

Mr. W. Da'Silva, *Executive Director (upto 31.03.2003)*

COMPANY SECRETARY-CUM-VICE PRESIDENT (Legal)

Mr. Saibal Chandra Pal

AUDITORS

J. S. Vanzara & Associates

BANKERS

ABN AMRO Bank

HDFC Bank Ltd.

American Express Bank Ltd.

State Bank of India

IndusInd Bank Ltd.

Standard Chartered Grindlays Bank

REGISTERED OFFICE

Vaibhav - (4F), 4, Lee Road, Kolkata -700 020

BRANCH OFFICES

Mumbai, New Delhi.

REGISTRARS

Maheshwari Datamatics Pvt. Ltd

6, Mangoe Lane (2F), Kolkata 700 001

Ph: (033) 22435039/22435809 (fax) 22484787

e-mail mdpl@cal.vsnl.net.in

SMIFS CAPITAL MARKETS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Twentieth Annual Report together with Audited Accounts for the year ended 31st March, 2003.

FINANCIAL HIGHLIGHTS

	(Rupees in Million)	
	Year ended 31.03.2003	Year ended 31.03.2002
Profit / Loss (-) before Interest, Depreciation / Lease Equalisation & Tax	37.91	169.20
Less: Interest	28.49	91.04
Profit / Loss (-) before Depreciation / Lease Equalisation & Tax	9.42	78.16
Less: Depreciation / Lease Equalisation	24.47	32.43
Profit / Loss (-) before Tax	(15.05)	45.73
Less: Provision for Tax – Current / Deferred Tax	(13.27)	5.69
Add : Deferred tax for earlier years	--	17.76
Profit / Loss (-) after Tax	(1.78)	57.80
Transfer to Reserve Fund	--	8.43
Transfer to Debenture Redemption Reserve	--	27.15
Deferred Tax credit adjustment on initial adoption	--	17.76
(Debit) / Credit balance brought forward from earlier year	4.46	-
Profit carried to Balance Sheet	2.68	4.46

Your Company suffered a net loss (before tax) of Rs. 15.05 million during the year. This loss occurred mainly on account of writing off of irrecoverable advances to the extent of Rs. 31.21 million and provisions for sub-standard and doubtful assets of Rs. 16.82 millions during the year. However, your Company achieved a cash surplus of Rs. 26.24 million during the year.

DIVIDEND

In view of the loss suffered, no dividend is being recommended on equity shares.

YEAR IN RETROSPECT AND FUTURE GROWTH

Your Company has applied to Securities and Exchange Board of India for renewal of it's registration to act as a Category I Merchant Banker and the renewal of the same is awaited.

During the year, your Company was appointed Managers to open offers under SEBI Takeover Code. Further, the Company was also appointed Manager to buy back offer made under the SEBI Buy Back Regulations. Merchant Banking activities related to the securities market, especially Mergers, Acquisitions, Loan Syndications and Corporate Advisory Services, shall continue to be the main thrust areas of your Company.

In the current year, your Company has bagged some prestigious assignments of loan syndication, debt restructuring and one-time settlement of dues of corporate. Your Company intends to further develop these activities.

PUBLIC DEPOSITS

Your Company discontinued acceptance of Public Deposits w.e.f. 15.7.1997 and complied with the rules applicable thereto. As on 31st March 2003, there were no un-matured Public Deposits (previous year Rs. 0.10 million). Unclaimed Public Deposits amounted to Rs. 0.45 million (previous year Rs. 1.38 million). Against unclaimed deposits aggregating to Rs. 0.45 million (including interest thereon till the date of maturity), the Company has invested in Government Securities an aggregate sum of Rs. 0.50 million [(Face Value) (Previous year Rs 2.50 million)]. Your Company has been repaying all public deposits on maturity and the interest due thereon in terms of your Company's schemes except where these deposits are not claimed. Reminders were sent to persons who did not claim repayment of their matured deposits, amounting to Rs. 0.45 million including interest.

LISTING OF SECURITIES OF THE COMPANY

The equity shares of your Company continue to be listed on the Stock Exchanges at Kolkata and Mumbai, and the listing fees for the year 2002-03 have been paid.

The equity shares of the company were compulsorily dematerialized with effect from 26.12.2000.

SUBSIDIARIES

As on 31.03.2002, the Company had two wholly owned subsidiaries, SMIFS Capital Services Limited and Rixebe Estates and Investments Ltd. During the year, the entire shareholding of SMIFS Venture Capital Ltd. was divested and the company ceased to be a subsidiary.

Rexebe Estates & Investments Limited became a wholly owned subsidiary Company with effect from 20.6.2002. The Statement pursuant to Section 212 of the Companies Act, 1956, relating to their Annual Accounts forms a part of the Company's Annual Report.

The application of SMIFS Capital Services Ltd. to SEBI for registration as Category – I Merchant Banker was withdrawn after the Board decided to be registered as a non-banking financial Company with Reserve Bank of India (RBI).

CORPORATE GOVERNANCE

A separate section on Corporate Governance is attached and marked as Annexure – C. The Certificate from the Company's auditors confirming compliances by the Company of norms of Corporate Governance as stipulated in the clause 49 of the Listing Agreement with the Stock Exchange is also annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is attached as Annexure – A, forming part of their report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required to be furnished by the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, under the heads: (a) Conservation of Energy; and (b) Technology, are not applicable to the Company.

As in the previous year, there was no foreign exchange earning during the year. Foreign Exchange outgo during the year was Rs. 1.26 million (Rs. 0.95 million in the previous year).

DIRECTORS

Mr. R. Maheswari, Director retires by rotation in accordance with the requirement of the Companies Act, 1956 and Articles of Association of the Company and being eligible offers himself for re-appointment.

Mr. W. Da'Silva, Executive Director and Mr. P. V. S. Raju, Director resigned w.e.f. 1.4.2003. Your Board places on record appreciation for the services rendered by Mr. Da'Silva and Mr. Raju during their tenure as Director of the Company.

Mr. Chandranath Mukherjee was appointed Additional Director w.e.f. 21.6.2003.

Mr. Kishor Shah was appointed Whole-Time Director w.e.f. 1.4.2003.

Under Section 257 of the Companies Act, 1956, a notice has been received in writing from a member signifying his intention to propose the appointment of Mr. Chandranath Mukherjee as a Director of the Company. An Ordinary Resolution in respect of his appointment as Director is being included in the notice for being passed at the forthcoming Annual General Meeting.

AUDITORS

M/s. J. S. Vanzara & Associates, Chartered Accountants, were appointed Statutory Auditors in the Extra-Ordinary Meeting held on 19.7.2003 in the casual vacancy caused by the resignation of M/s R. P. Dalmia & Co., Chartered Accountants.

M/s. J. S. Vanzara & Associates retire at the conclusion of the Annual General Meeting and being eligible offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

The particulars as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) are not given as none of the employees were in receipt of remuneration in excess of Rs. 24 lacs per annum or Rs 2 lacs per month.

ACKNOWLEDGEMENTS

The Board of Directors place on record their gratitude for the co-operation, patronage and support received from corporate customers, the Reserve Bank of India, the Securities Exchange Board of India (SEBI), Financial Institutions, Banks and Merchant Bankers.

On behalf of the Board of Directors

'Vaibhav' 4F, 4 Lee Road,

Kolkata - 700 020

The 31st day of July 2003

(U. PAREKH)
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE 'A'

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Pursuant to the provisions Section 217 (2AA) of the Companies Act, 1956 the Directors hereby confirm that:

1. In the preparation of the annual accounts for the year ended 31st March, 2003, the applicable accounting standards have been followed along with the proper explanations relating to material departures.
2. The Directors have adopted such accounting policies and have applied them consistently and have made judgments and estimates in a reasonable and prudent manner so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss of the Company for that period.
3. The Directors have taken proper and sufficient care 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, to the best of the knowledge and ability of the Directors.
4. The Directors have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

'Vaibhav' 4F, 4 Lee Road,

Kolkata - 700 020

The 31st day of July 2003

(U. PAREKH)
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - 'B'

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Year 2002-03 was yet another challenging year for your Company in view of prevalent recessionary conditions all around. However, business scenario in current year has improved and your company has secured some prestigious assignments which are currently being executed.

INDUSTRY DEVELOPMENTS

During the year under review, while the GDP of the country registered a growth rate of 4.4% as compared to 5.6% in the previous year, the index of industrial production increased by 5.8% compared to 3.2% in the previous year. The stock market continued in a depressed state with the BSE Index remaining at a low level. However, the current year has begun on a very encouraging note and the stock markets have also performed very well in the first three months of the current year.

BUSINESS OPPORTUNITIES AND THREATS**Business Opportunities**

Despite the turmoil in the Indian stock markets, the Government has carried reforms process forward especially in relation to the markets. While the short-term impact of these actions may be debated upon, the longer term benefits are not in doubt.

Threats

Most of the competitors of your Company have international affiliations or are a part of large global network. To compete, it has become necessary for your Company also to look for such an alliance.

FULFILLMENT OF RBI NORMS AND STANDARDS

The Company continues to fulfill all the norms and standards laid down by the Reserve Bank of India pertaining to non-performing assets, capital adequacy, and statutory liquid ratio.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal Control Systems are aimed at promoting operational efficiencies while emphasizing adherence to policies.

The Company has an exclusive team for Internal Audit dedicated to ensure that:

- Systems are designed with adequate internal controls commensurate with the size and nature of operations.
- Transactions are executed in accordance with the Company's policies and authorizations.
- Assets are safeguarded and deployed in accordance with the Company's policies and authorizations.
- Management Information Systems (MIS) is the backbone of our control mechanism. Clearly defined roles and responsibilities down the line for all managerial positions have been institutionalized. All operating parameters are monitored and controlled.
- Any material change in the business outlook is reported to the Board. An effective budgetary control on all capital expenditure ensures that actual spending is in line with the capital budget.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing your Company's position and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 31st day of July 2003

On behalf of the Board of Directors

(U. PAREKH)
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - 'C'

REPORT ON CORPORATE GOVERNANCE**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Your Company has implemented and is continuously improving the Corporate Governance with the objective of fulfilling shareholders' expectation and Company's social commitments through high standards of ethics, sound business decisions, prudent financial management practices, professionalism in decision making in conducting the business and finally with strict compliance with regulatory guidelines on governance.

BOARD OF DIRECTORS

The Board comprised of five members' up to 31.3.2003. The number was reduced to three from 1.4.2003 to 21.6.2003. One more director was appointed to increase the number to four. The Board members are responsible for the management of the business. The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of the Board include:

- approving corporate philosophy and vision;
- formulation of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance against strategic and business plans, including overseeing operations;
- ensuring ethical behavior and compliance with laws and regulations;
- reviewing and approving borrowing limits;
- formulating exposure limits; and

- keeping shareholders informed regarding plans, strategies and performance.

To enable the Board to discharge its responsibilities effectively, the executive management places detailed reports on the performance on a quarterly basis.

Management Discussion and Analysis Report, which forms a part of this Annual Report, is attached to the Directors' Report.

During the year, seven Board Meetings were held on 29.6.2002, 27.7.2002, 1.10.2002, 31.10.2002, 10.12.2002, 28.1.2003, 22.3.2003. None of the Directors on the Board are members in more than ten committees across all companies in which they are Directors.

The composition of the Board, as on 31.3.2003 attendance at Board Meetings held during the year and at the last Annual General Meeting, number of Directorships in other public Companies and Committees across various public Companies of which the Director is a Member / Chairman are given below:

Name of the Director	Category	Year 2002-03 Attendance at Board Meetings	Year 2001-02 Attendance at last AGM	No. of outside Directorships	No of other Board Committees of which he is a member	No of other Board Committees of which he is a Chairman
Utsav Parekh – Chairman (w.e.f. 1.8.2002)	Promoter Non-Executive	7	Yes	7	5	2
Ramesh Maheshwari	Independent Non-Executive	5	No	4	2	1
P. V. S. Raju (Resigned w.e.f. 1.4.2003)	Independent Non-Executive	2	Yes	4	2	1
Kishor Shah	Director (Whole-Time Director w.e.f. 1.4.2003)	7	No.	1	4	1
William Da'Silva	Executive Director	3	No.	1	1	-
Chandranath Mukherjee (w.e.f. 21.6.2003)	Independent	N.A.	N.A.	N.A.	N.A.	N.A.

The present Board comprises of four members of whom one is a Whole-Time Director w.e.f.1.4.2003 [(five upto 31.3.2003) out of which one was an Executive Director (ED)]. Two Directors on the Board are independent Directors who have no business and / or professional relationship with the Company. The Non-Executive Directors (NEDs) with their diverse knowledge, experience and expertise bring in independent judgment in the deliberations and decisions of the Board. The Company has a Non-Executive Chairman. During the year Mr. Kishor Shah was appointed Director in the Annual General Meeting held on 28.9.2002 and Whole-Time Director w.e.f. 1.4.2003. Mr. Chandranath Mukherjee was appointed Additional Director w.e.f. 21.6.2003.

1. AUDIT COMMITTEE

The Company complies with the listing agreements with Stock Exchanges and the provisions of Section 292A of the Companies Act, 1956, pertaining to the Audit Committee and its functioning. The Audit Committee was re-constituted on 21.06.2003 with Mr. Chandranath Mukherjee being appointed Chairman in place of Mr. P. V. S. Raju. Mr. Utsav Parekh was appointed a member and Mr. Kishor Shah was appointed Director in charge of Finance. During the financial year ended 31.03.2003, the Audit Committee met on 29.6.2002, 30.9.2002, 31.10.2002, 28.1.2003. The Audit Committee has been vested with the following powers:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Term of reference

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending appointment and removal of external auditor, fixation of audit fee and approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transaction i.e. transaction of the Company of material nature with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.
- Review of the Company's financial reporting process, the financial statements and financial / risk management policies.
- Review of the adequacy of the internal control systems and functioning of the internal audit team.
- Discussions with the management and external auditors, the audit plan for the financial year and joint post-audit review of the same.

- g. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.

The composition of the Audit Committee and attendance at its meetings is given hereunder:

COMPOSITION OF AUDIT COMMITTEE	NO. OF MEETINGS ATTENDED
Mr. Chandranath Mukherjee - <i>Chairman (w.e.f.21.6.2003)</i>	N.A.
Mr. P. V. S. Raju - <i>Chairman upto 31.3.2003</i>	2
Mr. R. Maheshwari	3
Mr. Utsav Parekh (w.e.f. 21.6.2003)	4
Mr. Kishor Shah (upto 31.3.2003)	
Mr. Kishor Shah appointed as Director-in-Charge of Finance in place of Mr. Utsav Parekh w.e.f. 21.6.2003.	
The Audit Committee meetings were held at the Registered Office and attended by the Finance Head, the Internal Auditor and Representative of the Statutory Auditor.	

2. MANAGERIAL REMUNERATION

a) Remuneration Committee

The Remuneration Committee was re-constituted with the resignation of Mr. P. V. S. Raju w.e.f. 1.4.2003 and comprises of:

- Mr. Ramesh Maheshwari - Chairman
- Mr. Chandranath Mukherjee - w.e.f. 21.6.2003
- Mr. Kishor Shah - upto 31.3.2003.
- Mr. P. V. S. Raju - upto 31.3.2003.

During the year under review, three Remuneration Committee meetings were held on 29.6.2002, 28.9.2002 and 22.3.2003.

b) Sitting fees paid to Directors for the year ended 31.3.2003

There are no stock options available / issued to any Directors of the Company and this does not form a part of their contract with the Company.

NAME	EXECUTIVE / NON -EXECUTIVE DIRECTOR	NO. OF BOARD MEETINGS ATTENDED	SITTING FEES (RS.)	COMMISSION
Mr. U. Parekh	Director	7	7,000	NIL
Mr. R. Maheshwari	Director	5	5,000	NIL
Mr. Kishor Shah	Director	7	7,000	NIL
Mr. P. V. S. Raju	Director	2	2,000	NIL
Mr. W. Da' Silva	Executive Director	3	NIL	NIL
	TOTAL		21,000	NIL

c) Remuneration to Directors

In view of the loss, no commission can be recommended for the year 2002-03. Your Company has one Executive Director on its Board. A statement on the remuneration paid to the Executive Director for the year 2002-2003 is given below:

EXECUTIVE DIRECTOR	SALARY AND ALLOWANCES (Rs.)	CONTRIBUTION TO PROVIDENT FUND (Rs.)	TOTAL (Rs.)
Mr. W. Da' Silva	11,13,900/-	1,13,760/-	12,27,660/-

Note: The contribution to gratuity fund has been on a group basis and separate figure applicable is not available and therefore contribution to gratuity fund has not been taken into account.

3. DISCLOSURE BY MANAGEMENT TO THE BOARD

The management made disclosures to the Board with regard to all material, financial and commercial transactions where they had personal interest and which may have had potential conflict with the interest of the Company at large.

- Related parties transactions viz. Promoters, Directors or the Management, their subsidiaries or relatives have been stated in the Notes to Accounts (Schedule N) - Para 13.
- No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets.
- There were no significant instances of non-compliance on any matter related to the capital market, during the last three years.

4. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders Grievance Committee has been constituted to specifically look into the redressal of the shareholder and investor complaints. The Committee comprises of:

- Mr. Kishor Shah - Chairman, (resigned w.e.f. 1.4.2003)
- Mr. Utsav Parekh - Appointed Chairman w.e.f. 1.4.2003
- Mr. William Da'Silva - Resigned w.e.f. 1.4.2003.
- Mr. Chandranath Mukherjee - Appointed w.e.f.21.6.2003