



# **SOUTH ASIAN ENTERPRISES LIMITED**

## ***XV ANNUAL REPORT 2003-2004***

**REGISTERED OFFICE :**

Mikky House, K-Block,  
Kidwai Nagar,  
Kanpur - 208 011, (U.P.)

**CORPORATE OFFICE :**

C-489, Defence Colony,  
New Delhi-110 024

**SHARE TRANSFER & INVESTOR SERVICES**

RCMC Share Registry Pvt. Ltd.,  
Unit: South Asian Enterprises Ltd.,  
1515, 1st Floor, Bhishm Pitamah Marg,  
Kotla Mubarakpur, Near South Extension,  
New Delhi-110 003.

## SOUTH ASIAN ENTERPRISES LIMITED

**FIFTEENTH ANNUAL GENERAL MEETING**  
at Mikky House, K-Block Kidwai Nagar,  
Kanpur - 208 011  
at 1.30 p.m.  
on Saturday, the 25th September, 2004

**BOARD OF DIRECTORS :**  
SHRI V.K. GOEL  
DR. B. VENKATARAMAN  
SHRI VIKAS MEHROTRA  
SHRI P.K. SHARAN  
SHRI S.V.S. JUNEJA  
DR. S. RAMESH  
SHRI T.B. GUPTA  
SHRI A.R. GANGAL

*Chairman*  
*Vice-Chairman*

Members are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting.

### **AUDITORS**

M/s. Anil Pariek & Garg,  
Chartered Accountants,  
Kanpur

### **BANKERS**

Punjab National Bank  
Bank of Baroda  
The Vysya Bank Ltd.  
Union Bank of India  
HDFC Bank Ltd.

### **MANAGER**

SHRI S.C. AGARWAL

### **COMPANY SECRETARY**

SHRI R. RAMNATH

### **SHARES ARE LISTED AT :**

**THE STOCK EXCHANGE, AHMEDABAD**  
KAMDHENU COMPLEX,  
NEAR POLYTECHNIC,  
PANJARA POLE,  
AHMEDABAD-380 015

### **THE STOCK EXCHANGE, MUMBAI**

PHIROZE JEEJEEBHOY TOWERS,  
DALAL STREET,  
MUMBAI-400 001

Note:- The Equity Shares of the Company have been delisted from the Delhi Stock Exchange, New Delhi; and the U.P. Stock Exchange, Kanpur w.e.f. 31/3/2004, pursuant to Company's application for voluntary delisting of its shares in accordance with applicable SEBI guidelines for delisting.

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## SOUTH ASIAN ENTERPRISES LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 15<sup>th</sup> Annual General Meeting of the Members of SOUTH ASIAN ENTERPRISES LTD. will be held at the Registered Office of the Company at Mikky House, K-Block, Kidwai Nagar, Kanpur-208 011 on Saturday, the 25<sup>th</sup> day of September, 2004 at 1.30 p.m. to transact the following business:-

## ORDINARY BUSINESS

- To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2004, the Profit & Loss Account for the year ended on that date and the Consolidated financial statements for the said period together with the Reports of the Auditors and Directors thereon.
  - To appoint a Director in place of Shri V.K. Goel, who retires by rotation, and being eligible, offers himself for re-appointment.
  - To appoint a Director in place of Shri S.V.S. Juneja, who retires by rotation, and being eligible, offers himself for re-appointment.
  - To appoint the Auditors and to fix their remuneration.
- The term of M/s. Anil Pariek & Garg, Chartered Accountants, the Statutory Auditors of the Company, will end at the conclusion of the 15<sup>th</sup> Annual General Meeting and, being eligible, they offer themselves for re-appointment.

## SPECIAL BUSINESS

## 5. TO APPOINT SHRI VIKAS MEHROTRA AS DIRECTOR OF THE COMPANY.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

**"RESOLVED THAT** Shri Vikas Mehrotra, who was appointed as an Additional Director on 30<sup>th</sup> October 2003 and who holds office till the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and for whose appointment as a Director a notice under Section 257 of the Companies Act, 1956 has been received from a member of Company, be and is hereby appointed as Director of the Company, liable to retire by rotation".

## 6. TO APPOINT SHRI ATMA RAM GANGAL AS DIRECTOR OF THE COMPANY.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

**"RESOLVED THAT** Shri Atma Ram Gangal, who was appointed as an Additional Director on 29<sup>th</sup> January 2004 and who holds office till the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and for whose appointment as a Director a notice under Section 257 of the Companies Act, 1956 has been received from a member of Company, be and is hereby appointed as Director of the Company, liable to retire by rotation".

By Order of the Board  
For South Asian Enterprises Ltd

Place: New Delhi

Date: 24/07/2004

R. Ramnath

Company Secretary

## NOTES:-

- A member entitled to attend and vote is also entitled to appoint a proxy to attend and vote instead of himself/herself. The proxy need not be a member of the Company. The appointment of proxy in order to be effective must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting in the form, enclosed hereto, duly filled and authenticated.
- The Register of Members of the Company shall remain closed from 23<sup>rd</sup> September, 2004 to 25<sup>th</sup> September, 2004 (both days inclusive).
- Members, who are holding shares in identical order of names in more than one Folio, are requested to write to the Registrars of the Company, or the Company at its Corporate Office, stated hereinafter, to enable the Company to consolidate their holdings under one Folio.
- The shares of the Company are being traded in demat segment only, w.e.f. 24<sup>th</sup> July, 2000. Members who still hold the shares of Company in physical form are advised to contact their depository participant for dematerialization of their holdings in their own interest. The ISIN No allotted to Company is INE118B01010 for both the Depositories viz. The National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
- The Company has retained M/s RCMC Share Registry Pvt. Ltd., 1515, 1<sup>st</sup> floor, Bhishm Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi-110003 (Phone No 24692346, 24601017) as its Registrar & Transfer Agents for further period of one year for entire shareholder services viz. processing request for transfer, other shareholder services, dematerialisation of holding, providing connectivity services with depositories in compliance of SEBI's circular No.D&CC/F/TTC/CIR-15/2002 dated 27/12/2002. All correspondence, therefore, may be addressed to the said Registrar. However, for any further assistance in said matters, queries may be addressed to the Company Secretary at Corporate Office at C-489, Defence Colony, New Delhi-110024, Phone No. 51553081(5 lines), Fax: 51553091.
- Members are requested to intimate change in address, if any, to the Company's Registrars or to the Company at its Corporate Office at C-489, Defence Colony, New Delhi- 110 024, for shares held in physical mode. **Members holding shares in Demat (Electronic) form are requested to notify any change in address, mandate/bank details to their Depository Participants.**
- All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all days between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting, except on Saturdays, Sundays and other Holidays.
- Member/Proxies are requested to bring their copies of the Annual Report to the meeting, and the attendance slip duly filled in for attending the meeting. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting.
- The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, for item No. 5 and 6 of the notice is annexed hereto and forms part of this notice.
- Pursuant to Section 205A of the Companies Act, 1956 ("the Act") all unclaimed/unpaid dividends up to the financial year 1995-96 has been credited to the Investor Education & Protection Fund of the Central Government.
- Shareholders are hereby informed that after the amendment of the Companies Act, 1956 w.e.f. 31.10.1998, the Company is to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ("the Fund") established by the Central Government. In accordance with Section 205C of the Act, no claim shall lie against the Company or Fund in respect of individual amounts of dividend remaining unclaimed and unpaid for a period of seven years from the date they became first due for payment and no payment shall be made in respect of any such claims.
- The members who have not encashed their dividend warrants for the financial year ended on 31.03.1997 or for any subsequent financial years are advised to write to the Company at its corporate office for obtaining duplicate dividend warrants/ revalidation of instruments. The unpaid Dividends and the date they are due for transfer to Investor Education & Protection Fund are as follows:

Financial Year ended on	AGM Date	Dividend Rate	Date of transfer to Unpaid Dividend A/c	Due for Transfer to fund on
31/03/1997	10/09/1997	5%	23/10/1997	22/10/2004
31/03/1998	23/09/1998	5%	04/11/1998	03/11/2005
31/03/1999	28/09/1999	NIL	N.A.	N.A.
31/03/2000	29/09/2000	NIL	N.A.	N.A.
31/03/2001	22/09/2001	NIL	N.A.	N.A.
31/03/2002	13/07/2002	NIL	N.A.	N.A.
31/03/2003	30/09/2003	NIL	N.A.	N.A.

## 13. Information regarding Directors retiring by rotation and seeking re-appointment:

S. No.	Name of the Director	Date of Birth	Date of Appointment	Qualifications and Expertise in specific functional areas	Other Directorships	Membership in committees of other Companies and designation as on 24/07/2004.	Whether qualified U/S 274(1)(g) of the Companies Act, 1956
1.	Shri V.K. Goel	06.11.1940	14.05.1987	I.Sc. Chemical Engineer (2 years) A leading Industrialist, Chairman of Dhanpur Sugar Mills Group and Former President of Indian Sugar Mills Association (ISMA). He has over 40 years experience in finance, administration and sugar industry and is associated with various technical committees on sugar industry formed by the Government of India.	a) Dhanpur Sugar Mills Ltd. b) DSM Agro Products Ltd. c) DSM Hitech Products Ltd. d) Goel Investments Ltd. e) Saraswati Properties Ltd. f) Mansapur Sugar Mills Ltd. g) Gaurav Overseas Exports (P) Ltd. h) Sumac International Ltd. i) Willard India Ltd. j) Delton Cables Ltd. k) VLS Finance Ltd. l) Uttal Suagar & Chemicals Ltd. m) Hitech Aluminium Products Ltd. n) DSM Exports (P) Ltd.	N.A. N.A. N.A. N.A. N.A. N.A. N.A. N.A. N.A. N.A. N.A. N.A.	Yes
2.	Shri S.V.S. Juneja (Retd.)	13.05.1931	26.03.1993	B.A. Economics, MPA (Harvard). He has held several key position in the Government of India and was the Chairman and Chief Executive Officer of the Noida. He was Director, Infrastructure Department and Officer-in charge office of Environment, Asian Development Bank.	Nil	N.A.	Yes

## 14. Information regarding Directors seeking re-appointment:

S. No.	Name of the Director	Date of Birth	Date of Appointment	Qualifications and Expertise in specific functional areas	Other Directorships	Membership in committees of other Companies and designation as on 24/07/2004.	Whether qualified U/S 274(1)(g) of the Companies Act, 1956
1.	Shri Vikas Mehrotra	25.04.1968	30.10.2003	B. Com. (H), B.Sc. (Business Management Concentration) Ohio, M.B.A. (Finance) Rochester Institute of Technology, New York (U.S.A.). He is an NRI presently in Boston (U.S.A.) and has over 15 years experience in the field of portfolio Management, mutual funds, international finance syndication and investments. He was earlier employed with Paine Webber Inc, Syracuse, New York which is one of the largest Investment and portfolio Management company in the world.	Nil	Nil	Yes
2.	Shri Atma Ram Gangal PCS (Retd.)	04.12.1931	29.01.2004	M.Sc. (Maths) (Allahabad Univ.) He has held various senior positions in Government of Uttar Pradesh, the last being Deputy Provincial Controller of Iron and Steel. He is former Vice President (Projects) of the Company and has been associated with the Company for past over 12 years in various capacities.	Omkar Nagreya Sahakar Bank Ltd. (Vice Chairman)	NIL	Yes

## SOUTH ASIAN ENTERPRISES LIMITED

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### ITEM NO. 5

Shri Vikas Mehrotra was appointed as additional director and will hold office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956. Shri Vikas Mehrotra is M.B.A. (Finance) from Rochester Institute of Technology, New York, U.S.A. and has over 15 years experience in financial services including investment banking. He is an NRI, presently residing in Boston, United States of America. A notice has been received from a member of the Company pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose the resolution for appointment of Shri Vikas Mehrotra as Director of the Company at the forthcoming Annual General Meeting. Your Directors recommend appointment of Shri Vikas Mehrotra as Director of Company.

None of the Directors except Shri Vikas Mehrotra is concerned or interested in the resolution.

#### ITEM NO. 6

Shri Atma Ram Gangal was appointed as additional director and will hold office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956. Shri Atma Ram Gangal is retired PCS. He has held various senior positions in Government of Uttar Pradesh, the last being Deputy Provincial Controller of Iron and Steel. Thereafter Mr. Gangal was associated with the Company in various senior positions and was Vice-president (Projects) prior to his resignation with effect from 27.01.2004. A notice has been received from a member of the Company pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose the resolution for appointment of Shri Atma Ram Gangal as Director of the Company at the forthcoming Annual General Meeting. Your Directors recommend appointment of Shri Atma Ram Gangal as Director of Company.

None of the Directors except Shri Atma Ram Gangal is concerned or interested in the resolution.

By Order of the Board  
For South Asian Enterprises Ltd.

Place: New Delhi  
Date: 24/07/2004

R. Ramnath  
Company Secretary

### DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Fifteenth Annual Report of your Company with the Audited statement of Accounts for the year ended 31<sup>st</sup> March, 2004.

#### 1. Financial Results

	(Rs. in Lakhs)	
	For the year ended 31 <sup>st</sup> March, 2004	For the year ended 31 <sup>st</sup> March, 2003
Total Income	72.20	83.12
Total Expenditure	57.57	61.43
Interest	0.00	0.23
Gross Profit	14.63	21.46
Depreciation	96.48	89.00
Provision for taxation	(28.03)	Nil
Other provisions	(2.81)	(0.20)
Net Profit after tax	(51.01)	(67.74)
Paid up Equity Share Capital (excluding calls in arrears)	399.90	399.90
Reserves, excluding revaluation reserve	898.44	1052.46
Earnings per share (Rs.)	—	—

#### 2. Management Discussion and Analysis

##### Financial Review

The Company registered a total income of Rs. 72.20 lakhs during the year under review. It is materially lower by Rs. 10.92 lakhs, as compared to the total income of Rs. 83.12 lakhs generated in the previous year.

The Company has incurred a net loss of Rs. 51.01 lakhs after providing for depreciation of Rs. 96.48 lakhs. It has, however, posted cash profit of Rs. 14.63 lakhs. The continuing political instability in the State of Uttar Pradesh and deteriorating law and order situation during financial year under review impacted adversely on the revenue generation process leading to decline in the revenues during the relevant period.

There was a further decline in visitors to the Company's amusement park at Ayodhya. Also, due to the extreme climatic conditions prevalent both in the summer and winter seasons during the year under review, the visitors at Lucknow and Kanpur amusement park also dwindled considerably. In the current year, however, the Directors are hopeful of a better response in view of the positive impact on the Indian economy by the Union Budget-2004, although in the first quarter of the current year, due to extreme heat wave the performance continued to be adversely affected.

##### Industry Structure and Development

The amusement industry was severely hit by recession in recent times and has now started looking up in view of overall improvement in scenario. However, the political turmoil and instability and climatic conditions have taken their toll and the growth of industry has been considerably slowed. Your Company is exploring various avenues for boosting operations keeping in view the prevailing conditions.

##### Outlook, Risks and Concerns

The Company, apart from improving existing rides, is contemplating to induct new items to attract clientele at its amusement parks. In this direction, the company has already commissioned water rides at Kanpur park in recent years. The Board is examining the alternatives for implementation of projects. The Company is exposed to normal industry risk factors of economic, political and social risk. The Company will however meet these challenges by adopting more prudent business policies and practices.

##### Opportunities and Threats

With decline in recessionary trends, the Company envisages an overall increase in customer inflow. The latest Union budget and policies contemplated by the new Union government is expected to boost economic growth with resultant improvement in overall situation across all sectors. The major area of concern is political instability and social turmoil. The Company plans to minimize such an impact by extensive marketing and by making amusement parks more attractive.

### Adequacy of Internal Control Systems

The Company has proper and adequate system of internal control to monitor proper recording of transactions authorized according to policies and procedures laid down by the Company. The Company ensures that all regulatory guidelines are being complied with at all levels. The Audit Committee reviews the internal control mechanisms periodically.

### Segment wise Performance

As against a layout of Rs. 243.23 lakhs in Amusement park segment, the total revenue earned was Rs. 48.54 lakhs. In the Service division segment revenue earned stood at Rs. 22.86 lakhs on a layout of Rs. 48.89 lakhs, and in the segment of Investments etc., the capital employed was 1081.20 lakhs and the revenue from the said segment was 0.79 lakhs during the year under review. The losses in respective segments prior to interest and tax stood at Rs. 21.13 lakhs and Rs. 55.71 lakhs respectively. The profit from investment segment was 0.79 lakhs.

### Human Resources

The relationship with employees continued to be cordial during the year. The Directors place on record their sincere appreciation to the employees at all levels. In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, there was no employee during the year drawing remuneration more than the stipulated amount in the said rules. The Company has a team of able and experienced industry professionals. The number of employees stood at 42.

### Cautionary Statement

Statement in the management discussion and analysis describing the Company's, projections, estimates, expectation or predictions may be 'forward looking statements' within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include changes in government regulations, tax regimes, economic developments within the country and abroad, and such other factors.

#### 3. Dividend

In view of the loss suffered by the Company during the year under review, no dividend is recommended.

#### 4. Directors

During the year under review Shri Somesh Mehrotra resigned w.e.f. 23/08/2003 due to other pre-occupations. Shri A. K. Ray, Director of the Company left for heavenly abode on 26.04.2004. It is prayed that the departed soul may rest in peace. Your Board places on record its sincere thanks for invaluable guidance and contribution made by Shri Somesh Mehrotra and Shri A. K. Ray during their tenure as Directors.

Shri V. K. Goel and Shri S. V. S. Juneja, Directors will retire by rotation at the forthcoming Annual General Meeting and both, being eligible, offer themselves for reappointment. To enable the Company to obtain their continued valuable direction, guidance and assistance in conduct of the affairs of your Company, it is recommended that their reappointment be approved.

During the year under review, Shri Vikas Mehrotra was appointed as Additional Director by the Board w.e.f. 30.10.2003 and will hold office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956. A notice has been received from a member of the Company pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose the resolution for appointment of Shri Vikas Mehrotra as Director of the Company at the forthcoming Annual General Meeting. The relevant resolution has been set out in the notice convening the meeting together with the back ground information.

Shri Atma Ram Gangal was also appointed as Additional Director by the Board w.e.f. 29.1.2004 and will hold office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956. A notice has been received from a member of the Company pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose the resolution for appointment of Shri Atma Ram Gangal as Director of the Company at the forthcoming Annual General Meeting. The relevant resolution has been set out in the notice convening the meeting together with the back ground information.

Your Directors recommend the appointment of Shri Vikas Mehrotra and Shri Atma Ram Gangal as Directors of the Company.

#### 5. Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, the Directors hereby state:

- that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2004, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates 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 and of the loss of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of proper 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; and
- that they have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2004 on a going concern basis.

#### 6. Corporate Governance

The Report on Corporate Governance, in terms of Clause 49 of the Listing Agreement is annexed to this report as Annexure-1.

#### 7. Auditors

The Auditors, M/s. Anil Pariek & Garg, Chartered Accountants, will retire at the forthcoming Annual General Meeting. The Company has received a Certificate from the Auditors that they are qualified under Section 224 (1B) of the Companies Act, 1956 to act as the Auditors of the Company, if reappointed. The Audit Committee in its meeting held on Tuesday, the 24<sup>th</sup> day of May, 2004 has recommended the re-appointment of M/s. Anil Pariek & Garg, Chartered Accountants, as Statutory Auditors for the next term. The Board, concurring with the Audit Committee's recommendation, recommends the reappointment of M/s. Anil Pariek & Garg, Chartered Accountants, as the Statutory Auditors of the Company. The Board may also be authorised to fix their remuneration.

#### 8. Auditors' Report

The observations made by the Auditors in their report have been adequately dealt with within the relevant Notes on Accounts and need no further comments from the Directors.



## SOUTH ASIAN ENTERPRISES LIMITED

## 9. Statutory Information

During the year, no employee of the Company drew remuneration exceeding the limits laid down u/s 217(2A) of the Companies Act, 1956 read with relevant rules framed thereunder. The information as required under the Companies (Disclosure of Particulars in the Report of Directors), Rules 1988 with respect to Conservation of Energy and Technology Absorption is enclosed as Annexure-2 and forms part of this report. The shares of the Company are listed at 1) The Stock Exchange Mumbai, 2) The Stock Exchange, Ahmedabad. The Company has paid the Annual Listing fees for the year 2004-2005 to the Stock Exchange at Mumbai. **The equity shares of the Company have been delisted from The Delhi Stock Exchange and The Uttar Pradesh Stock Exchange, Kanpur w.e.f. 31.03.2004 consequent to Company's application for voluntary delisting of its shares from these Stock Exchanges in accordance with relevant SEBI guidelines.** The application for delisting is pending at the Stock Exchange at Ahmedabad.

## 10. Fixed Deposits

The Company has neither held, nor accepted any fixed deposit, during the year under review. As on date, the Company has no plans to solicit and accept any deposits.

## 11. Subsidiary Company

A statement pursuant to Section 212(1)(e) read with sub-Section (3) of the said Section of the Companies Act, 1956 for the Financial Year 2003-2004 in respect of South Asian Securities Ltd. is enclosed.

## 12. Consolidated Financial Statements

In compliance of Clause 41 of the Listing agreement, the Consolidated financial statements in accordance with the prescribed accounting standards are annexed to Audited Annual Accounts for the year under review.

## 13. Compliance Certificate

A certificate from the Auditors of the Company regarding compliance of conditions of corporate governance as stipulated under clause 49 of the listing agreement is attached to the said report.

## 14. Acknowledgement

Your Directors wish to express their sincere appreciation and gratitude to the Company's bankers, Kanpur Nagar Mahapalika, Ayodhya Faizabad Vikas Pradhikaran and Lucknow Vikas Pradhikaran for their valuable cooperation and continued support. Your Directors also wish to place on record their sincere appreciation for the contribution made by employees at all levels and are also thankful to you for the trust you have reposed in them.

For and on behalf of the Board of Directors

Date: 24/07/2004  
Place: New Delhi

T.B. Gupta  
Director

Dr. B. Venkataraman  
Director

## Annexure-1

REPORT ON CORPORATE GOVERNANCE  
CORPORATE PHILOSOPHY

The philosophy of the Company is to enhance the long-term economic value of the Company, its stakeholders and the society at large by adopting better corporate practices in fair and transparent manner and aligning the Company's interests with that of its shareholders and other key stakeholders. Your Company has been practicing the principles of good Corporate Governance over the years and endeavour to reward its shareholders to the maximum.

## (i) Board of Directors:

- a) The total strength of the Board is 8 Directors, all being non-executive, comprising of 2 (Two) Promoter Directors, 5 (Five) Independent Directors and 1 (One) Non-Independent Director.

S. N.	Name of the Director	Whether Promoter, Executive or Non-Executive/Independent	No. of Board Meetings attended during 2003-2004	Whether attended AGM held on 30/09/2003	No. of Directorships in other Public Limited Companies	No. of Committee Position held in other Public Ltd. Companies	
						Chairman	Member
1.	Shri V.K. Goel	Non-Executive, Promoter	0	NO	12	-	-
2.	Dr. B. Venkataraman	Non-Executive, Independent	3	NO	2	-	2
3.	Shri S.V.S. Juneja	Non-Executive, Independent	4	NO	-	-	-
4.	Shri Somesh Mehrotra*	Non-Executive, Promoter	2	NO	2	-	4
5.	Shri A.K. Ray**	Non-Executive, Independent	3	YES	-	-	-
6.	Shri P.K. Sharan	Non-Executive, Independent	4	NO	-	-	-
7.	Shri T.B. Gupta	Non-Executive, Non-Independent	3	NO	4	-	2
8.	Dr. S. Ramesh	Non-Executive, Independent	3	NO	2	1	1
9.	Shri A.R. Gangal §	Non-Executive, Independent	0	N.A.	1	-	-
10.	Shri Vikas Mehrotra #	Non-Executive, Promoter	0	N.A.	-	-	-

\* Resigned w.e.f. 23/08/2003

\*\* Expired on 26.04.2004

§ Appointed as Additional Director on 29/01/2004

# Appointed as Additional Director on 30/10/2003

None of the directors is member of more than 10 Board-level committees, or a Chairman of more than five such committees, as required under Clause 49 of the listing agreement.

- b) During the year ended on 31.03.2004, 4 (Four) Board Meetings were held with at least one meeting in every Quarter i.e., on 20.05.2003, 28.07.2003, 30.10.2003 and 29.01.2004.
- c) The information regarding pecuniary transaction or relationship with the non-executive Directors have been disclosed in Annual Accounts for the year under review in Clause 4 under the head "Significant Accounting policies" stated in Notes on Accounts (Schedule 13).

- c) During the year and till the date of this report, following changes have taken place in the Board:

- 1) Shri Somesh Mehrotra, Director resigned from the Board w.e.f. 23.08.2003.
- 2) Shri Vikas Mehrotra, was appointed as additional Director in the Board w.e.f. 30.10.2003.
- 3) Shri Atma Ram Gangal, was appointed as additional Director in the Board w.e.f. 29.01.2004.
- 4) Shri A. K. Ray, Director, died on 26.04.2004.

- d) Information supplied to the Board:

The Board has unfettered and complete access to all information within the Company, and to any employee of the Company. At meetings of the Board, it welcomes the presence of senior executives who can provide additional insights into the items being discussed. All relevant information including those envisaged in Clause 49 of Listing Agreement, was regularly provided to the Board and Committees thereof. The day to day affairs of the Company are managed by Shri S. C. Agarwal, Manager, under the overall superintendence and control of the Board.

- f) Remuneration of Directors, Sitting fee, perquisites and commissions paid during the year ended on 31.03.2004 for attending meeting of Board and committees thereof:

Name of the Directors	Salary (in Rs.)	Perquisites (in Rs.)	Sitting fee (in Rs.)	Commissions (in Rs.)	Total (in Rs.)
Shri V.K. Goel	N.A.	N.A.	NIL	N.A.	NIL
Dr. B. Venkataraman	N.A.	N.A.	6000.00	N.A.	6000.00
Shri S. V. S. Juneja	N.A.	N.A.	8000.00	N.A.	8000.00
Shri Somesh Mehrotra	N.A.	N.A.	4000.00	N.A.	4000.00
Shri A. K. Ray	N.A.	N.A.	12000.00	N.A.	12000.00
Shri P.K. Sharan	N.A.	N.A.	8000.00	N.A.	8000.00
Shri Vikas Mehrotra	N.A.	N.A.	NIL	N.A.	NIL
Shri T.B. Gupta	N.A.	N.A.	NIL	N.A.	NIL
Dr. S. Ramesh	N.A.	N.A.	12000.00	N.A.	12000.00
Shri A. R. Gangal	N.A.	N.A.	NIL	N.A.	NIL

N.A. : Not Applicable.

## (ii) Audit Committee:

The Audit Committee earlier comprised of Shri A.K. Ray, Chairman of the Committee, Dr. S. Ramesh and Shri T.B. Gupta, both Members. The Board in its meeting held on 24.05.2004 has nominated Shri P.K. Sharan in the said committee to fill the vacancy caused by the death of Shri A.K. Ray. The Committee now comprises of Shri P.K. Sharan, Dr. S. Ramesh and Shri T.B. Gupta. The members of the committee in their meeting held on 24/05/2004 have elected Shri P.K. Sharan as Chairman of the Audit Committee. The role, terms of reference, authority and powers of the Audit Committee are in conformity with Clause 49 of the listing agreement. The Company Secretary is the Secretary of the Committee.

During the year ended on 31.03.2004, 4 (Four) Audit Committee Meetings were held on 20.05.2003, 28.07.2003, 30.10.2003 and 29.01.2004. The summary of attendance of members is as under.

Name	Dr. S. Ramesh	Mr. A.K. Ray	Mr. T.B. Gupta
Total Meetings attended	3	3	3

## (iii) Shareholders/Investors Grievance Committee:

The Shareholders/Investors Grievance Committee earlier comprised of Shri T. B. Gupta, Chairman of the Committee, Shri A.K. Ray, Shri Somesh Mehrotra and Shri P.K. Sharan. Shri Somesh Mehrotra ceased to be member of committee consequent to his resignation from the Board w.e.f. 23/08/2003. However no further nomination was made by Board consequent to cessation of Shri Somesh Mehrotra as member of Committee. The Board in its meeting held on 24.05.2004 had nominated Shri S. V. S. Juneja in the said committee to fill the vacancy caused by the death of Shri A.K. Ray. The Committee now comprises of Shri S. V. S. Juneja, Shri P.K. Sharan, and Shri T. B. Gupta. The Committee is vested with the requisite powers and authority in accordance with requirements of Listing Agreement and specifically looks into the redressal of the shareholders and investors' grievances. The Company Secretary is the Compliance Officer and Secretary of the Committee.

The Committee had delegated the power to approve demat requests to individual members of the Committee during the intervening period between two committee meetings as a step towards providing better services to its Members.

During the year ended on 31.03.2004, 12 (Twelve) meetings of Shareholders/ Investors Grievance Committee were held i.e., on 03.04.2003, 08.05.2003, 20.05.2003, 20.06.2003, 28.08.2003, 07.11.2003, 08.12.2003, 29.12.2003, 21.01.2004, 20.02.2004, 22.03.2004 and 29.03.2004 Details of attendance of Members are as under.

Name	Mr. P.K. Sharan	Mr. A.K. Ray	Mr. T.B. Gupta	Mr. Somesh Mehrotra
No. of Meetings attended	12	8	9	0

## (iv) General Body Meetings

Details of the last three Annual General Meetings are given below.

Financial year ended	Date	Time	Venue
March 31, 2001	September 22, 2001	1.00 p.m.	Mikky House, K-Block, Kidwai Nagar, Kanpur.
March 31, 2002	July 13, 2002	1.30 p.m.	Mikky House, K-Block, Kidwai Nagar, Kanpur.
March 31, 2003	September 30, 2003	1.30 p.m.	Mikky House, K-Block, Kidwai Nagar, Kanpur.

## (v) Disclosures regarding appointment or re-appointment of Directors.

According to the Article No.89 of the Articles of Association of the Company, one third of the total strength of directors are liable to retire by rotation at every Annual General Meeting and if eligible, they may offer themselves for reappointment. Shri V.K. Goel and Shri S. V. S. Juneja will retire by rotation in the forthcoming Annual General Meeting and being eligible have offered themselves for reappointment. The Board has recommended the re-election of all these directors to the shareholders. The relevant information about these Directors has been furnished in notice convening the ensuing Annual General Meeting.