



South Asian Enterprises Limited

XVI ANNUAL REPORT 2004-2005

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

SIXTEENTH ANNUAL GENERAL MEETING
at Mikky House, K-Block Kidwai Nagar,
Kanpur - 208 011
at 1.30 p.m.
on Wednesday, 28th September, 2005

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
SHRI R. K. GOSWAMI

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
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 JEEJEEBOY 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 16th Annual General Meeting of the Members of SOUTH ASIAN ENTERPRISES LTD. will be held at the Registered Office of the Company at Milky House, K-Block, Kidwai Nagar, Kanpur-208 011 on Wednesday, the 28th day of September 2005 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 31st March 2005, 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 Prem Kirti Sharan, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri T. B. Gupta, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Dr. S. Ramesh, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint the Auditors and to fix their remuneration and in this connection to consider and if thought fit, to pass following resolution, with or without modification(s) as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions of the Companies Act 1956, M/s. Anil Panik & Garg, Chartered Accountants, the present Statutory Auditors of the Company be and are hereby re-appointed as Statutory Auditors of Company to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting of Company and that the Board of Directors of the Company be and are hereby authorized to fix their remuneration."

SPECIAL BUSINESS

6. Appointment of Shri Rajender Kumar Goswami as Director.

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

"RESOLVED THAT Shri Rajender Kumar Goswami, who was appointed as an Additional Director on 27th July 2005 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."

7. Payment of sitting fees to Non-Executive Directors 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 consent of the shareholders be and is hereby accorded to the payment of fees to the Directors of the Company (other than the Directors who are in the whole-time employment of the Company) for attending meetings of the Board of Directors and/or Committee(s) thereof, of such amounts not exceeding the limits prescribed under the proviso to section 310(1) of the Companies Act 1956 or any statutory amendment thereto or re-enactment thereof and/or under any rules or regulations framed thereunder, as may be determined by the Board of Directors from time to time."

By Order of the Board

For South Asian Enterprises Ltd.

R. Ramnath

Company Secretary

Place: New Delhi

Date: 27/07/2005

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 **23rd September, 2005 to 28th September, 2005 (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 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. 24th 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, 1st floor, Bhishm Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi-110003 (Phone No. 24692346, 24601017) as its Registrar & Transfer Agents w.e.f. 01/04/2003 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:- 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. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, for item No. 6 and 7 of the notice is annexed hereto and forms part of this notice.
- 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.
- Shareholders are hereby informed that after the amendment of the Companies Act, 1956 w.e.f. 31/10/1998, the Company is required 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 unclaimed/unpaid dividend upto financial year 1994-95 had been transferred to General Revenue Account of Central government and can be claimed from Central government, through Registrar of Companies, U. P. & Uttaranchal, in prescribed form.

- The members who have not encashed their dividend warrants for the financial year ended on 31.03.1998 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	Rate of Dividend	Date of transfer to Unpaid Dividend A/c	Due for Transfer to fund on
31/03/1998	23/09/1998	5%	04/11/1998	03/11/2005
31/03/1999	28/09/1999	NIL	N.A.	N.A.

- Pursuant to Section 205A of the Companies Act, 1956 ("the Act") all unclaimed/unpaid dividends for the financial year 1995-96 has been credited to the Investor Education & Protection Fund (IEPF) of the Central Government. The Company's Dividend Account No.29255 with Union Bank of India, Yusuf Sarai, New Delhi has been closed on 06/10/2003 pursuant to provisions of Section 205 B of the Companies Act, 1956 and the balance of Rs. 47785/- standing to its credit, being the unclaimed dividend for the financial year 1995-96 has been transferred to IEPF on 10/10/2003. The relevant Return with the Registrar of Companies (Uttar Pradesh and Uttaranchal) has also been filed on 30/10/2003. Similarly, the unclaimed dividend for financial year 1996-97 lying in Unpaid Dividend Account no. 204011000683 of the Company with The Vysa Bank, Bangalore has been transferred to IEPF on 27/11/2004 and the said account was closed on 18/11/2004. The relevant Return with the Registrar of Companies (Uttar Pradesh and Uttaranchal) has also been filed on 06/12/2004.

12. 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 24/07/2005.	Whether qualified u/s.274(1)(g) of the Companies Act, 1956
1	Shri P.K. Sharan, (Rtd.)	07/07/1930	29.06.1993	B.Com., M.A., LL.B. He is the former Commissioner of Income Tax. He is presently a practising advocate specialised in Taxation and has over 4 decades experience in financial planning, taxation and government affairs.	a) VLS Securities Ltd.	NIL	Yes
2	Shri T.B. Gupta	20/10/1940	26.03.1993	M.Tech. (Electrical) IIT-Kharagpur. He has over 30 years of industrial experience and has held various senior positions with the U.P. Financial Corporation, Jay Engineering Works and Khaitan Group. He is associated with the Company for over a decade and was its Managing Director till October 1999.	a) VLS Finance Ltd. b) VLS Securities Ltd. c) VLS Investments Ltd. d) South Asian Securities Ltd. e) VLS International S.A., Luxembourg. f) VLS Capital Ltd.	Shareholders / Investors Grievance Committee, Member Audit Committee- Member N.A. N.A. N.A. Remuneration Committee- Member	Yes
3	Dr. S. Ramesh (IAS (Retd.))	28/10/1936	23.03.1995	M.A., M.P.A., Ph.D. He is former Secretary to the Govt. of U.P. having over 4 decades experience in administration, planning and govt affairs.	a) VLS Finance Ltd. b) Uttaranchal Jal Vidut Nigam Ltd., Dehradun	i) Audit Committee, Chairman ii) Remuneration Committee- Member i) Audit Committee, Member	Yes

13. Information regarding persons seeking appointment as Directors of Company, liable to retire by rotation:

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 24/07/2005.	Whether qualified u/s.274(1)(g) of the Companies Act, 1956
1	Sh. Rajender Kumar Goswami	18/04/1938	27/07/2005	Masters Business Administration (MBA), Diploma in Business Management, Diploma- Industrial Management, Diploma- Labour Law. He is a retired banker with over 40 years of experience in Banking Finance administration and allied areas.	VLS Securities Ltd.	NIL	Yes

SOUTH ASIAN ENTERPRISES LIMITED

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

ITEM NO. 6

Shri Rajender Kumar Goswami was appointed as Additional Director by the Board on 27/07/2005 in terms of Article No. 80 of Articles of Association of the Company and will hold office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act 1956. The Company has received a notice u/s 257 of the Companies Act, 1956, from a member to propose the resolution for appointment of Shri Rajender Kumar Goswami as Director of Company, liable to retire by rotation at the ensuing Annual General Meeting. Shri Rajender Kumar Goswami has retired from the position of Deputy General Manager and has held various important assignments during his tenure with Punjab National Bank. He was the first Managing Director of PNB Housing Finance Ltd. He has been the Principal of PNB's apex Staff Training College and has also held the position of Secretary General of UP Distillery Association. The Board is of the opinion that the Company will benefit immensely from the guidance and experience of Shri Rajender Kumar Goswami. Your Directors recommend his appointment as director of Company, liable to retire by rotation. None of the Directors of your Company is concerned or interested in the resolution except Shri Rajender Kumar Goswami, the proposed appointee.

ITEM NO. 7

In terms of the revised clause 49 of the listing agreement with the Stock Exchanges, all fees/compensation to be paid to Non-executive Directors are to be fixed by the Board and require the previous approval of the shareholders in the general meeting. There are conflicting views as to whether this requirement applies to payment of sitting fees, which in terms of the proviso to section 310(1) of the Companies Act 1956, does not require such approval provided it is within the prescribed limits. However, out of abundant precaution, approval of the shareholders is being sought to payment of sitting fees to Non-executive Directors of the Company. At present, the Non-executive Directors are paid sitting fees of Rs. 2000/- per meeting of the Board or Committee thereof in terms of the resolution passed by the Board of Directors at its meeting held on 30.1.2001, while the maximum prescribed under the proviso to section 310(1) of the Companies Act 1956 is Rs. 20,000/- per meeting. The Board recommends the resolution for your approval. All the Non-executive Directors are deemed to be concerned or interested in the resolution set out in Item no. 7 of the Notice since it relates to the payment of sitting fees for Board/Committee meetings attended by them.

By Order of the Board
For South Asian Enterprises Ltd.
R. Ramnath
Company Secretary

Place: New Delhi
Date: 27/07/2005

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Sixteenth Annual Report of your Company with the Audited Statement of Accounts for the year ended 31st March, 2005.

1. Financial Results

	(Rs. in Lakhs)	
	For the year ended 31 st March, 2005	For the year ended 31 st March, 2004
Total Income	62.64	72.20
Total Expenditure	49.38	57.57
Interest	0.00	0.00
Gross Profit	13.26	14.63
Depreciation	81.23	96.48
Provision for taxation	(27.27)	(28.03)
Other provisions	0.00	(2.81)
Net Profit after tax	(40.70)	(51.01)
Paid up Equity Share Capital (excluding calls in arrears)	399.90	399.90
Reserves, excluding revaluation reserve	857.75	898.44
Earnings per share (Rs.)	-	-

2. Management Discussion and Analysis

Financial Review

The Company registered a total income of Rs. 62.64 lakhs during the year under review. It is marginally lower by Rs. 9.56 lakhs, as compared to the total income of Rs. 72.20 lakhs generated in the previous year.

The Company has incurred a net loss of Rs. 40.70 lakhs after providing for depreciation of Rs. 81.23 lakhs. It has, however, posted cash profit of Rs. 13.26 lakhs. The continuing political instability in the State of Uttar Pradesh and unpredictable and volatile law and order situation in the region, during the financial year under review adversely influenced the revenue generation process leading to further decline in the revenues.

There was a decline in the number of visitors to the Company's amusement park at Ayodhya. Also, due to the harsh climate prevalent in the northern region and more so in the UP belt during both summer and winter, the footfalls at Lucknow and Kanpur amusement park declined significantly. The inadequate infrastructure primarily due to poor maintenance of approach roads around Kanpur Park has significantly impacted clientele in said park. The management had already taken up the matter with the concerned authorities. In the current year, the Directors are hopeful of generating a better response in view of the positive impact on the Indian economy by the Union Budget 2005 and positive assurance given by the authorities for improvement of roads and other infrastructure.

Industry Structure and Development

After suffering for an extended period of time, the Amusement Industry has now started looking up in view of overall improvement in scenario, however, the political instability and harsh climatic conditions have impacted the growth of the industry which in turn has slowed the growth of your company. Your Company is exploring various opportunities for boosting operations in view of the prevailing conditions.

Outlook, Risks and Concerns

The Company, apart from improving existing rides, is contemplating to induct new items to attract footfalls at its amusement parks. The company had 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 is confident of meeting these challenges by adopting more prudent business policies and better 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 Union government is expected

to further 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 in place a 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. 209.81 lakhs in the Amusement park segment, the total revenue earned was Rs. 46.53 lakhs. The Service division segment generated a revenue of Rs. 14.97 lakhs on the layout of Rs. 48.89 lakhs which was reduced to Nil upon completion of terms of assets on lease after adjusting for depreciation and salvage value etc. and in the segment of investments etc., the capital employed was Rs. 97.54 lakhs and the revenue from the said segment was Rs. 3.14 lakhs during the year under review. The losses in respective segments prior to interest and tax stood at Rs. 22.22 lakhs and Rs. 48.89 lakhs respectively. However, the investment segment registered a profit of Rs. 3.14 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 on the Company's rolls stood at 42.

Cautionary Statement

Statement in the management discussion analysis describing the Company's projections, estimates, expectations 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

Shri P. K. Sharan, Shri T. B. Gupta and Dr. S. Ramesh, Directors, will retire by rotation at the forthcoming Annual General Meeting and they, being eligible, offer themselves for reappointment. To enable the Company to obtain their continued valuable direction, guidance and assistance in the conduct of the affairs of your Company, it is recommended that their reappointment be approved.

Shri R. K. Goswami was appointed as Additional Director by the Board on 27/07/2005 in terms of Article No. 80 of Articles of Association of the Company and will hold office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act 1956. The Company has received a notice u/s 257 of the Companies Act, 1956, from a member to propose the resolution for appointment of Shri R. K. Goswami as Director of Company, liable to retire by rotation at the ensuing Annual General Meeting. The relevant resolution and other information for this purpose are set out in notice convening the ensuing Annual General Meeting. The Board recommends the appointment of Shri R. K. Goswami as director to have his valuable guidance, direction and assistance in conduct of the affairs 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 31st March, 2005, 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 31st March, 2005 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 24th day of May, 2005 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.

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

SOUTH ASIAN ENTERPRISES LIMITED

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 financial year 2005-2006 to the Stock Exchange at Mumbai. The application for delisting is pending with 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 2004-2005 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 Practicing Company Secretary 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 : 27/07/2005

T.B. Gupta

Dr. B. Venkataraman

Place : New Delhi

Director

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 a fair and transparent manner and align the Company's interests with that of its shareholders and other key stakeholders. Your Company has been practising the principles of good Corporate Governance over the years and endeavours to reward its shareholders to the maximum.

(i) Board of Directors:

a) The total strength of the Board is 9 Directors, all being non-executive, comprising of 2 (Two) Promoter Directors, 5 (Five) Independent Directors and 2 (Two) Non-Independent Director. The present constitution of Board complies with requirement of revised Clause-49 of Listing agreement which stipulates that at least one third of the Board Members should be independent if the Chairman is non-executive director.

S. N.	Name of the Director	Whether Promoter, Executive or Non-Executive/Independent	No. of Board Meetings attended during 2004-2005	Whether attended AGM held on 30/09/2004	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 Chairman	Non-Executive, Promoter	0	NO	11	-	-
2.	Dr. B. Venkataraman Vice-Chairman	Non-Executive, Independent	3	NO	2	-	2
3.	Shri S.V.S. Juneja	Non-Executive, Independent	4	NO	-	-	-
4.	Shri P.K. Sharan	Non-Executive, Independent	4	YES	1	-	-
5.	Shri T.B. Gupta	Non-Executive Non-Independent	3	NO	5	-	3
6.	Dr. S. Ramesh	Non-Executive, Independent	3	NO	2	1	1
7.	Shri A. R. Gangal	Non-Executive, Non-Independent	0	YES	1	-	-
8.	Shri Vikas Mehrotra	Non-Executive, Promoter	0	NO	-	-	-
9.	Shri R. K. Goswami	Non-Executive, Independent	N.A.	N.A.	1	-	-

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 31/03/2005, 4 (Four) Board Meetings were held with at least one meeting in every Quarter i.e., on 24/05/2004, 24/07/2004, 23/10/2004 and 24/01/2005.
- 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 2 under the head "Significant Accounting policies stated in Notes on Accounts (Schedule 12)".
- d) During the year and till the date of this report, no changes have taken place in the Board except as already reported in previous Corporate Governance Report i.e. Shri A. R. Gangal and Shri Vikas Mehrotra were reappointed as Director liable to retire by rotation in AGM held on 25/09/2004. Further the sad demise of Shri A. K. Ray who was Director of Company since 1993 was also reported. Additionally, Shri R. K. Goswami was appointed as additional Director by the Board on 27/07/2005 and will hold office upto the date of ensuing Annual General Meeting. His reappointment as director, liable to retire by rotation in terms of section 257 of the Companies Act, 1956 is set out in the notice for the annual general meeting with other related details.

e) 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. The Board of Directors oversees the business conduct and continuously examines its governance practices to protect investor trust and enhance Board's effectiveness.

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 31/03/2005 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.	8000.00	N.A.	8000.00
Shri S. V. S. Juneja	N.A.	N.A.	8000.00	N.A.	8000.00
Shri P. K. Sharan	N.A.	N.A.	16000.00	N.A.	16000.00
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.

Notes:

- i. Currently, the Company does not have stock option scheme.
- ii. No other compensation, except sitting fee is paid to Non-Executive Directors.
- iii. Dr. B. Venkataraman and Shri A. R. Gangal held 600 and 100 equity shares of the Company respectively as on 31.3.2005. No other Director held any shares of the Company on that date.

(ii) Audit Committee:

The Audit Committee earlier comprised of Shri A.K. Ray, Chairman of the Committee, Shri T.B. Gupta and Dr. S. Ramesh. The Board in its meeting held on 24/05/2004 had nominated Shri P.K. Sharan in the said committee to fill the vacancy caused by the death of Shri A.K. Ray on 26/04/2004. The Board in its meeting held on 27.07.2005 had further nominated Shri R.K. Goswami in the said committee, interalia, to take the benefit of his rich experience in Financial sector. The Audit Committee now comprises of Shri P.K. Sharan, Chairman of the Committee, Shri R.K. Goswami, Shri T.B. Gupta and Dr. S. Ramesh as Members. 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. The statutory Auditors is regularly invited for meetings of Audit Committee. The Internal Auditor & the manager are also invited to audit committee, when required. Shri P.K. Sharan, IRS, is a tax expert and Shri R.K. Goswami is a retired banker possessing requisite financial management expertise as envisaged in clause -49 of listing agreement. The other members of committee also have adequate knowledge of financial management. The minutes of Audit committee are regularly placed before the Board. The whistle blower policy of Company as required under clause 49 of the listing agreement is under formulation and will be put in place after requisite approvals, although the existing working setup also provides unfettered approach to management by the employees in reporting any matter envisaged to be covered in the whistle blower policy. During the year ended on 31/03/2005, 4 (Four) Audit Committee Meetings were held on 24/05/2004, 24/07/2004, 23/10/2004 and 24/01/2005. The summary of attendance of members is as under.

Name	Shri A.K. Ray	Shri P.K. Sharan	Dr. S. Ramesh	Shri T.B. Gupta
No. of Meetings attended	0	4	3	4

The Board had accepted all the recommendations made by Audit Committee for appropriate implementation.

(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, and Shri P.K. Sharan. 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 on 26/04/2004. The Shareholders/Investors Grievance Committee now comprises of Shri T. B. Gupta, Chairman of the Committee, Shri S. V. S. Juneja, and Shri P.K. Sharan. The Committee is vested with the requisite powers and authority in accordance with the 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 31/03/2005, 15 (Fifteen), meetings of Shareholders/Investors Grievance Committee were held i.e., on 19/04/2004, 12/05/2004, 12/06/2004, 12/07/2004, 06/08/2004, 16/09/2004, 22/09/2004, 20/10/2004, 18/11/2004, 10/12/2004, 29/12/2004, 19/01/2005, 19/02/2005, 11/03/2005 and 30/03/2005 Details of attendance of Members are as under.

Name	Shri A.K. Ray	Shri P.K. Sharan	Shri S.V.S. Juneja	Shri T.B. Gupta
No. of Meetings attended	0	15	13	15

(iv) General Body Meetings

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

Financial year ended	Date	Time	Venue
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.
March 31, 2004	September 25, 2004	1.30 p.m.	Mikky House, K-Block, Kidwai Nagar, Kanpur.

Special Resolution passed in previous 3 Annual General Meeting (AGM) :

- In the AGM held on 25/09/2004, no special resolution was proposed to be passed.
- In the AGM held on 30/09/2003, special resolution for voluntary delisting of equity shares