

# **STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED**



# *25<sup>TH</sup>*

# STANROSE MAFATLAL

## INVESTMENTS AND FINANCE LIMITED

### TWENTY-FIFTH Annual General Meeting

**DATE** : 5th September, 2005  
**DAY** : Monday  
**TIME** : 11.30 A.M.  
**VENUE** : H. T. Parekh Convention Centre  
 AMA Premises,  
 ATIRA Campus, Dr. V. S. Marg,  
 Ahmedabad - 380 015.

### BOARD OF DIRECTORS

LATE SHRI RASESH N. MAFATLAL, *Chairman*  
*upto 15-06-04*  
 SHRI PRADEEP R. MAFATLAL,  
*Chairman from 23-06-04*  
 SHRI RUSSI JAL TARAPOREVALA  
 SHRI ARUN P. PATEL  
 SHRI RAJESH JAYKRISHNA  
 SHRI ROZAL J. MEHTA  
 SHRI JAYWANTSINH M. CHUDASAMA  
 SHRI CHETAN J. PARIKH  
 SHRI BHARAT N. DAVE  
*Managing Director*

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### COMPANY SECRETARY

SHRI GIRISH R. SHAH

### BANKERS

HDFC BANK LTD.  
 THE KARUR VYSYA BANK LTD.  
 IDBI BANK LTD.  
 CITI BANK, N.A.  
 UTI BANK LTD.

### AUDITORS

MESSRS C. C. CHOKSHI & COMPANY  
*Chartered Accountants*

### REGISTERED OFFICE

POPULAR HOUSE  
 ASHRAM ROAD  
 AHMEDABAD-380 009

Shareholders intending to require any information about accounts to be explained in the Meeting are requested to inform the Company at least ten days in advance of the Annual General Meeting.

## NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty-fifth Annual General Meeting of the Members of the Company will be held on Monday, the 5th day of September, 2005 at 11.30 A.M. at H.T. Parekh Convention Centre, AMA Premises, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account of the Company for the Financial Year ended on 31st March, 2005 and the Balance Sheet of the Company as on that date.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Russi Jal Taraporevala, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Chetan J. Parikh, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modifications, the following:

#### AS A SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, and the Listing Agreement/s entered into with the Stock Exchanges, the approval of the members be and is hereby granted for payment of Sitting Fees to the Directors of the Company (other than the Director/s who are in the whole time employment of the Company) for attending the Meetings of the Board and/or its such Committees as may be determined by the Board of Directors from time to time, of such amount not exceeding the limits prescribed under the proviso to Section 310(1) of the Companies Act, 1956 or any statutory amendment thereof and/or under any rules or regulations framed thereunder, as may be determined by the Board of Directors, from time to time.

Registered Office:  
 Popular House,  
 Ashram Road,  
 Ahmedabad 380 009.

Mumbai,  
 Dated: 9th June, 2005

By Order of the Board  
**G. R. SHAH**  
 Company Secretary

## NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER. The proxy form, in order to be valid and effective, must be delivered at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- (b) Members are requested to notify to the Company any change in their address.
- (c) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- (d) Members are requested to send his/her Bank Account details to ensure safe and prompt realisation of Dividend amount. This is in view of the fraudulent encashment of such warrants.

### Electronic Clearing Service (ECS) Facility:

With reference to the payment of dividend the Company introduced the facility of ECS.

Shareholders who wish to avail ECS facility, may authorise the Company with ECS mandate in the prescribed form printed elsewhere in the Annual Report. For payment through ECS for the year 2004-05 the ECS mandate should be lodged with the Company on or before 25th August, 2005.

- (e) As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 and in accordance with the Listing Agreement, abridged Annual Report containing the Directors' Report, Report on Corporate Governance, Auditors' Report, Statement containing salient features of Balance Sheet and Profit and Loss Account is sent to the shareholders having the same address. These shareholders will be furnished with a copy of the unabridged Annual Report, on request.
- (f) In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (g) Corporate Members intending to send their authorised representatives are requested to send a certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
- (h) As per Section 194 of the Income-tax Act, 1961 no tax will be deducted from any dividends declared, distributed or paid.
- (i) Details required to be furnished in terms of Clause No. 49 of the Listing Agreement with Stock Exchanges relating to Corporate Governance, in respect of the Directors being proposed for appointment at the ensuing Annual General Meeting of the Company, are given hereunder:

1. Shri Russi Jal Taraporevala  
 Shri Russi Jal Taraporevala, born in September,

1932, is an Economist and Specialist in Finance. He holds B.Com. degree from University of Bombay, degree of M.Sc.(Economics) from London School of Economics of the University of London and M.B.A. from the University of California at Berkeley. He possesses long and rich experience in Industry, Finance and Corporate Affairs.

Since 1955, Shri Taraporevala has been a Director of thirty large Public and three Private Companies. In addition, Shri Taraporevala was a Director in the Sixties of the Central Bank of India Ltd. He was the Chairman of the Advisory Board in India of Citibank N. A. from 1975 to 1981. Shri Taraporevala continues to be a Director of many Public and Private Limited Companies viz. Standard Industries Limited, Gabriel India Ltd., Rallis India Ltd., Taraporevala Publishing Industries Pvt. Ltd. and D. B. Taraporevala Sons & Co. Private Ltd.

He is the Chairman of the Shareholders/Investors Grievance Committee of the Company and a Member of such Committee in Gabriel India Ltd. and Standard Industries Ltd.

He is also a Chairman of the Remuneration Committee of Rallis India Ltd. and Standard Industries Limited. He is the Chairman of the Audit Committee of Standard Industries Limited and a Member of the Audit Committee of Rallis India Ltd.

He is holding 32 Equity Shares of Rs.10/- each in the Company as a jointholder alongwith Mrs Sooni Jal Taraporevala.

## 2. Shri Chetan J. Parikh

Shri Chetan J. Parikh, aged 47 years, is an MBA from Wharton School, University of Pennsylvania, USA. He possesses wide experience in Capital Market related activities, which is the core business of the Company. He is on the Board of Anudeep Holdings Ltd., Anudeep Enterprises Pvt. Ltd., Ceeparikh Investments Pvt. Ltd., Cerebrum Online Pvt. Ltd. Jeetay Investments Pvt. Ltd., Leasecon Investments Pvt. Ltd., Plastcon Packaging Pvt. Ltd., Pratijit Investments Pvt. Ltd., Sheilaja Enterprises Private Limited, Tak Machinery and Leasing Ltd. and Veeeparikh Investments Pvt. Ltd.

He is not holding any shares in the Company.

(j) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed herewith.

### ANNEXURE TO THE NOTICE:

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.

#### In respect of Item No. 6

In terms of the revised Clause No. 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 caution, the approval of the shareholders is being sought for payment of sitting fees to Non-executive Directors of the Company.

At present Non-Executive Directors are paid Sitting Fees of Rs. 2,000/- per meeting of the Board or Committee thereof, except the Share Transfer Committee in terms of the Resolution passed by the Board of Directors at their meeting held on 7th March, 2003, while the maximum permissible 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 Directors other than Shri Bharat N. Dave are concerned and interested in the said Resolution at Item No 6 of the Notice.

Registered Office:  
Popular House,  
Ashram Road,  
Ahmedabad 380 009.

Mumbai,  
Dated: 9th June, 2005

By Order of the Board  
**G. R. SHAH**  
Company Secretary

## DIRECTORS' REPORT

To The Members,  
**STANDROSE MAFATLAL INVESTMENTS AND  
 FINANCE LIMITED**

Your Directors have pleasure in presenting the Twenty-fifth Annual Report together with the Audited Statements of Account of the Company for the financial year ended 31st March, 2005.

### FINANCIAL RESULTS:

	<b>Current Year</b>	<b>Previous Year</b>
	<b>Rupees</b>	<b>Rupees</b>
Total Income	<b>3,56,16,994</b>	<b>2,20,58,046</b>
Gross Profit	<b>2,74,90,314</b>	<b>1,38,01,647</b>
Less: Depreciation	<b>13,78,071</b>	<b>17,03,842</b>
Profit before Tax	<b>2,61,12,243</b>	<b>1,20,97,805</b>
Less: Provision for Taxation :		
Current	<b>9,00,000</b>	<b>5,50,000</b>
Deferred	<b>(9,14,423)</b>	<b>(5,92,537)</b>
Excess provision for taxation in respect of earlier years (Net)	<b>—</b>	<b>63,315</b>
Profit after Tax	<b>2,61,26,666</b>	<b>1,22,03,657</b>
Add: Balance in Profit brought forward from Previous Year	<b>1,74,13,142</b>	<b>1,66,62,105</b>
Available for Appropriation	<b>4,35,39,808</b>	<b>2,88,65,762</b>
Transferred to Reserve u/s. 45 IC of RBI Act, 1934	<b>53,00,000</b>	<b>25,00,000</b>
Proposed Dividend	<b>1,19,03,760</b>	<b>79,35,840</b>
Tax on Dividend	<b>16,89,838</b>	<b>10,16,780</b>
Surplus carried to Balance Sheet	<b>2,46,46,210</b>	<b>1,74,13,142</b>

### DIVIDEND

Your Directors recommend a Dividend of 20% (Previous Year 20%) and a Silver Jubilee Dividend of 10% on 39,67,920 Equity Shares of Rs.10 each aggregating to Rs.119.04 Lacs for the financial year ended on 31st March, 2005 which, if approved by the Shareholders at the forthcoming Annual General Meeting to be held on 5th September, 2005, will be paid on 15th September, 2005, to those Shareholders whose names appear on the Register of Members of the Company on 13th August, 2005.

### MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

#### Financial Review

Your Company, one of the medium sized private sector Non-Banking Finance Company (NBFC) has reported satisfactory financial and operating performance during the year ended 31st March, 2005.

The gross income for the year was Rs. 356.17 Lacs compared to Rs. 220.58 Lacs in the previous year. Profit after tax was Rs. 261.27 Lacs which is higher as

compared to Rs.122.04 Lacs in the Previous Year. The increase in the level of Gross Income and Profit was mainly on account of booking of long-term capital gain of Rs. 169.04 Lacs (Previous Year Rs.45.95 Lacs) and receipt of Dividend from Standard Industries Limited of Rs. 62.95 Lacs after a number of years.

Depreciation was lower at Rs. 13.78 Lacs (Previous Year Rs. 17.04 Lacs). The Deferred-tax for the year results into a tax asset of Rs. 9.14 Lacs, whereas the current-tax liability is of Rs. 9.00 Lacs resulting into a net credit of Rs. 0.14 Lac to Profit and Loss Account instead of charging it for taxation provision.

The Net Worth of the Company as at 31st March, 2005 stood at Rs. 2756.07 Lacs as against Rs. 2630.74 Lacs on 31st March, 2004.

#### Industry Structure and Developments

The Non-Banking Financial Services (NBFC) industry in private sector in India is represented by a mix of few large companies with nation-wide presence and a large number of small and medium sized companies with regional focus. These NBFCs provide a variety of services including fund-based and fee-based activities and cater to retail and non-retail markets and niche segments.

The increased penetration of the banking sector in all segments of the financial services industry and reduced direct cost of borrowing for high quality borrowers, have greatly reduced business opportunities for NBFCs.

Over the last several years an effective regulatory framework has been implemented, bringing in wide ranging changes on prudential norms and a continuous monitoring mechanism, thereby improving the overall levels of investor protection.

#### Business Review

The Company's operations continue to be mainly focused in the areas of Intercompany Investments, Capital Market activities and Financing. Segmentwise brief outline of financial and operational performance during the year under report is as under:

#### (i) Intercompany Investments

The Company's investment portfolio is reviewed from time to time. Details of the Company's investments are given in Schedule 5 of the Balance Sheet of the Company as at 31st March, 2005. The total worth of Company's Quoted and Unquoted Investments (including Stock-in-trade) as at 31st March, 2005 is Rs. 5068.59 Lacs, as against Rs.2980.01 Lacs at the end of the Previous Year. The increase is mainly on account of overall increase in Market Capitalisation and especially the substantial hike in market price of the equity shares of Standard Industries Limited.

During the year under Report the Company has disposed of its almost entire lot of equity shares held in Reliance Industries Limited which contributed Rs.158.62 Lacs in the net Profit on sale of long-term investment of Rs. 169.04 Lacs booked during the year against Rs. 45.95 Lacs in the previous year.

During the year, the Company earned income by way of Dividend of Rs. 135.32 Lacs against Rs.76.90 Lacs in the previous year. The lower return during the year on investment in Units of Deb/ Liquid Mutual Fund has adversely affected the Dividend Income therefrom.

After the close of the year, the Company has entered into a Share Purchase Agreement for disposal of its entire stake of 21,60,000 equity shares of Rs.10 each held in Industrial Investment Trust Limited @ Rs.40/- per share. The Acquirers are undergoing the Takeover Code formalities and the transaction would hopefully be completed shortly on its completion, upon which the Company would realise the consideration of Rs. 864 Lacs and a long-term profit of Rs. 566.88 Lacs therefrom.

**(ii) Leasing and Hire Purchase**

The Company did not conduct any leasing or hire purchase financing activities during the year.

**(iii) Trading in Securities**

During the year under review the Company concentrated its focus on trading in securities and has made a profit of Rs.34.88 Lacs against Rs.68.36 Lacs. The reduction inter alia attributes to lesser return on debt/liquid funds and restricted trading to reduce risk, as sufficient long term profit was booked for the year.

**(iv) Finance**

The Interest income has decreased to Rs. 4.72 Lacs from Rs.13.57 Lacs. This decrease is mainly due to shifting of funds from Intercompany Deposits to Equity and Mutual Funds.

**Opportunities**

The Indian economy provides attractive growth opportunities with GDP growth forecast at 7% for 2004-05 and 7 to 8 % beyond that. The services sector in India is expected to contribute at a faster pace to the overall economy in the future. This is likely to create a positive environment for the financial services industry in India. The Company shall endeavour to take advantage of the emerging growth opportunities in the Indian economy.

**Threats**

The entire NBFC Sector faces competitive pressure from the banking sector which enjoys access to lower cost financing. The spread in lending business has narrowed considerably. The working of the NBFCs has continued to be adversely affected by defaults and absence of proper and speedier recovery laws and procedures; paucity of funds; over-regulation and lack of level-playing field and additive tax treatments and disallowance. The Company's healthy financial position and adoption of suitable business strategies have enabled it to consistently post satisfactory performance despite difficult conditions.

The consistent reduction in the interest rates would continue to affect the income level of your Company in the current year. However, with the effective control

over the expenses and prudent deployment of available resources, the management is hopeful of maintaining satisfactory results.

**Outlook**

The Company intends to continue to maintain its focus on capital market activities including trading in securities and emerging products in derivatives, while supporting the growth of its subsidiary companies in the areas of broking in securities and trading in goods etc. .

**Risk and Concern**

The Company is exposed to the normal industry risk factors of interest rate volatility, credit risk, market risk and operational risk. It manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

The large funds likely to be realised on disinvestment of equity in Industrial Investment Trust Limited may partly offset the reduction in its income due to lower rates.

**Adequacy of Internal Control**

The Company has a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorised use or disposition of assets and that the transactions are authorised, recorded and reported correctly.

The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

The Audit Committee of the Board of Directors reviews the adequacy of internal controls.

**Human Resource Development (HRD)**

The Company has able and experienced industry professionals and employees. The number of employees stood at 23.

**CORPORATE GOVERNANCE**

A separate report on Corporate Governance is furnished as a part of Directors' Report and the Certificate from the Company's Auditors regarding compliance of the conditions of Corporate Governance is annexed to it.

**FIXED DEPOSITS**

Your Company has not accepted any public deposits during the year under review.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibilities Statement, the Directors confirm that :

1. The preparation of the annual accounts for the financial year ended 31st March, 2005, the applicable accounting standards have been followed.
2. Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2005 and of the profit for the year ended on that date.



**STANDROSE MAFATLAL**

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Annual Accounts for the Financial Year ended 31st March, 2005 have been prepared on a 'going concern' basis.

**SUBSIDIARIES**

In compliance with the provisions of Section 212 of the Companies Act, 1956, the Audited Statements of Account alongwith the Directors' Report for the financial year ended on 31st March, 2005, of the two subsidiaries of the Company, namely Stanrose Mafatlal Lubechem Limited and Anudeep Holdings Limited, are annexed hereto.

**CONSOLIDATED FINANCIAL STATEMENTS**

As required under Clause No. 32 of the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company and its subsidiaries prepared in accordance with Accounting Standard 21 are forming part of this Annual Report. These statements have been prepared on the basis of audited financial statements received from subsidiary companies, as approved by their respective Boards.

The Group recorded a Consolidated net profit of Rs. 255.64 lacs for the year 2004-05 as compared to Rs. 261.27 Lacs for the Company. The network of the Group as on 31st March, 2005 was Rs. 2664.63 Lacs as compared to Rs. 2756.07 Lacs for the Company.

**DIRECTORATE**

Pursuant to Article 155 of the Articles of Association of the Company read with Section 256 of the Companies Act, 1956, Shri Russi Jal Taraporevala and Shri Chetan J. Parikh, Directors of the Company, are due to retire at the ensuing Annual General Meeting and are eligible for re-appointment.

None of the Directors of the Company is disqualified from being appointed as Directors as specified in Section 274 of the Companies Act, 1956.

**AUDITORS**

You are requested to appoint Auditors for the current year to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

Your Company is not engaged in any manufacturing activity and as such has no particulars to disclose under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, as regards conservation of energy or technology absorption. Further, during the year under review, your Company has neither earned nor made any payment in foreign exchange.

**PARTICULARS OF EMPLOYEES**

The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956 as amended to date. Hence, no information is required to be appended to the report in this regard.

**ACKNOWLEDGMENTS**

Your Directors sincerely express their deep appreciation to Employees at all levels, Bankers, Customers and Shareholders for their sustained support and co-operation and hope that the same will continue in future.

*For and on behalf of the Board*  
Pradeep R. Mafatlal  
Chairman

Mumbai,  
Dated : 9th June, 2005

## CORPORATE GOVERNANCE

13-4-2004, 23-6-2004, 26-7-2004, 6-9-2004, 19-10-2004 and 29-1-2005.

Pursuant to the Code of Corporate Governance introduced by the Securities and Exchange Board of India (SEBI), the Company furnishes its Report as under:

### Company's Philosophy on Corporate Governance

Corporate Governance is a combination of voluntary practices and compliance with Laws and Regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long-term shareholder value and enhances interest of other stake holders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder value.

### 1. BOARD OF DIRECTORS

A. The constitution of the Board and attendance of each Director at the Board Meetings during the year: 2004-05 and at the last Annual General Meeting: (See TABLE 1 given at the bottom)

B. Number of Board Meetings held and the dates on which such Meetings were held:

Six Board Meetings were held during the year on

### 2. AUDIT COMMITTEE

The Company has constituted an Audit Committee comprising of three Independent Non-Executive Directors viz. Shri Arun P. Patel, Chairman of the Committee, Shri Rajesh Jaykrishna and Shri Rozal J. Mehta.

The role, term of reference and the authority and powers of this Committee are in conformity with the requirements of the Listing Agreement.

During the year the Committee met thrice. Shri Arun P. Patel and Shri Rajesh Jaykrishna attended all the meetings, whereas Shri Rozal J. Mehta could not attend any.

### 3. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

i) Name of Non-Executive Director heading the Committee: Shri Russi Jal Taraporevala

ii) Name and Designation of Compliance Officer: Shri Girish R. Shah, Company Secretary

TABLE : 1

Name of Director	Category of Director	No. of Other Director-ships *	No. of Other Committee Members**	Attendance	
				Board Mtgs.	Last AGM
1. Late Shri Rasesh N. Mafatlal Chairman (Upto 15-06-04)	Non-Independent Non-Executive	3 (Chairman of 1)	—	1	No
2. Shri Pradeep R. Mafatlal (Chairman from 23-06-04)	Non-Independent Non-Executive	4 (Chairman of 1)	1	3	Yes
3. Shri Russi Jal Taraporevala	Independent Non-Executive	3	6 (Chairman of 3)	3	Yes
4. Shri Arun P. Patel	Independent Non-Executive	4	—	4	Yes
5. Shri Rajesh Jaykrishna	Independent Non-Executive	1	—	4	Yes
6. Shri Rozal J. Mehta	Independent Non-Executive	1	—	3	Yes
7. Shri Jaywantsinh M. Chudasama	Independent Non-Executive	—	—	2	Yes
8. Shri Chetan J. Parikh	Non-Independent Non-Executive	2	—	2	Yes
9. Shri Bharat N. Dave Managing Director	Non-Independent Executive	2 (Chairman of 1)	—	5	Yes

\* Exclude Private and Foreign Companies.

\*\* Represents Chairmanship/Membership of Audit Committee, Shareholders'/Investors' Grievance Committee & Remuneration Committee of Public Limited Companies.



- iii) Number of shareholders' complaints received : During the year 2004-05, the Company has received 31 complaints in the aggregate pertaining to transfer of shares, non-receipt of Balance Sheet and non-receipt of declared Dividend, etc. and all of them have been resolved by furnishing requisite information/document.
- iv) Number not solved to the satisfaction of shareholders: NIL
- v) Number of pending share transfers: 126 requests for transfer were pending for approval as on 31-3-2005, which were approved on 1st April, 2005.
- vi) During the year the Committee met twice. Shri Russi Jal Taraporevala, Shri Pradeep R. Mafatlal and Shri Chetan J. Parikh attended both the meetings, whereas Shri J. M. Chudasama attended one.

#### 4. REMUNERATION COMMITTEE:

The constitution of Remuneration Committee is a non-mandatory requirement under Clause 49 of the Listing Agreement. However, in view of the appointment of the Managing Director in the Company and for compliance of Schedule XIII of the Companies Act, 1956, the Board has constituted a Remuneration Committee which comprises of three Independent Non-Executive Directors viz. Shri Arun P. Patel, Chairman of the Committee, Shri Rajesh Jaykrishna and Shri Rozal J. Mehta.

The terms of reference of the Remuneration Committee is to consider the matters relating to the Company's policies on remuneration packages to the Executive Directors.

During the year the Committee met once. Shri Arun P. Patel and Shri Rajesh Jaykrishna attended the meeting, whereas Shri Rozal J. Mehta could not attend.

#### 5. DIRECTORS' REMUNERATION DURING 2004-05

The Non-Executive Directors are paid Sitting Fees for attending the Meetings of the Board/Committees (except the Share Transfer Committee) and a

commission upto 1% of the net profits as determined under Sections 349 and 350 of the Companies Act, 1956, for the financial year ended 31st March, 2004, in pursuance of General Body Resolution. Within the overall limit, the extent and proportion in which the Commission is to be distributed amongst the Directors is determined by the Board.

The payment of remuneration to Managing Director is in accordance with the Letter of Appointment issued to him in terms of the Resolutions passed by the members at the General Meeting, the Board and the Remuneration Committee, from time to time. His remuneration structure comprises of salary, commission, perquisites, bonus, contribution to Provident Fund, Superannuation Fund etc.

The details of remuneration paid during the year 2004-05 to the Directors including the remuneration paid to the Managing Director are given in Table No. 2:

#### 6. GENERAL BODY MEETINGS :

- i) Location and time, where last three AGMs were held:

On 6-9-2004 at 11.00 A.M.

At : H.T. Parekh Convention Centre, AMA Premises, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015.

On 26-9-2003 at 10.30 A.M. &

On 27-9-2002 at 10.30 A.M.

At:Thakorbhai Desai Hall,  
Near Law Garden, Ellisbridge,  
Ahmedabad - 380006.

- ii) Whether the Special Resolutions were put through postal ballot last year, details of voting pattern, person who conducted the postal ballot exercise: No postal ballot had been conducted.
- iii) Whether Special Resolutions are proposed to be conducted through postal ballot: No
- iv) Procedure for postal ballot: Not applicable

**TABLE NO. 2**

Name of Director	Sitting Fee Rs.	Commission Rs.	Salary, Perquisites etc Rs.	Total Rs.
Late Shri Rasesh N. Mafatlal	2,000	—	—	2,000
Shri Pradeep R. Mafatlal	10,000	20,000	—	30,000
Shri Russi Jal Taraporevala	10,000	10,000	—	20,000
Shri Arun P. Patel	16,000	10,000	—	26,000
Shri Rajesh Jaykrishna	16,000	10,000	—	26,000
Shri Rozal J. Mehta	6,000	10,000	—	16,000
Shri Jaywantsinh M. Chudasama	6,000	10,000	—	16,000
Shri Chetan J. Parikh	8,000	10,000	—	18,000
Shri Bharat N. Dave Managing Director	—	—	13,36,774	13,36,774

## 7. DISCLOSURES

- (a) Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of company at large:

During the year 2004-05, the Company had no materially significant related party transactions which are considered to have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in Notes on Accounts in the Annual Report.

- (b) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

None.

## 8. MEANS OF COMMUNICATION

- i) Half-yearly report sent to each household of shareholders: No
- ii) Quarterly results:  
which newspapers normally published in :  
Business Standard and Jansatta - Ahmedabad Editions.
- Any website where results or official news are displayed : No
- iii) Whether it also displays official news releases and the presentations made to Institutional Investors or to the Analysts : No.
- iv) Whether MD&A is a part of the Annual Report or not : Yes.

## 9. GENERAL SHAREHOLDERS INFORMATION

### (a) 25th Annual General Meeting

#### Date & Time :

5th September, 2005 at 11.30 A.M.

#### Venue :

H.T. Parekh Convention Centre,  
AMA Premises, ATIRA Campus,  
Dr. Vikram Sarabhai Marg, Ahmedabad - 15.

### (b) Financial Calendar (tentative) :

#### Financial Year :

1st April to 31st March

#### Financial Reporting for

#### Quarter ending 30-6-05 :

Last week of July, 2005

#### Quarter ending 30-9-05 :

Last week of October, 2005

#### Quarter ending 31-12-05 :

Last week of January, 2006

#### Year ending 31-3-2006 :

Audited Results by the end of June, 2006

### (c) Book Closure Dates for AGM & Dividend :

1st August, 2005 to 13th August, 2005  
(both days inclusive)

### (d) Dividend Payment Date :

On 15th September, 2005.

### (e) Unpaid Dividend

- (i) The Company has transferred unclaimed dividends for and upto the Financial Year ended on 30th September, 1994 to the General Revenue Account of the Central Government and thereafter upto the financial year 30th September, 1997 to the Investor Education and Protection Fund (IEPF), as required under Section 205A(5) of the Companies Act, 1956, within the prescribed time limit. No claim shall lie in respect of dividend transferred to IEPF. The members, therefore, may submit their claims for unclaimed dividend for and upto the financial year ended 30th September, 1994 to the Registrar of Companies, Gujarat, at C.G.O. Complex, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, AHMEDABAD - 380 013.

- (ii) Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, dividend for the financial year ended on 31st March, 1999 and thereafter which remains unpaid or unclaimed for a period of 7 years will be transferred to the 'Investor Education and Protection Fund' of the Central Government.

The likely schedule indicating the deadline for claiming the unpaid dividends before its transfer to IEPF is given hereunder :

**TABLE NO. : 3**

Dividend No.	For the Year ended	Date of Declaration	Last Date for Claiming Unpaid Dividend
18th	31-3-1999	27-7-1999	26-07-2006
*19th	31-3-2000	29-3-2000	28-03-2007
20th	31-3-2001	21-9-2001	20-09-2008
21st	31-3-2002	27-9-2002	26-09-2009
22nd	31-3-2003	26-9-2003	25-09-2010
23rd	31-3-2004	06-9-2004	05-09-2011

\* Interim Dividend