



**15TH ANNUAL REPORT**  
**2001 - 2002**

**AUDITORS****M. A. DARJI & CO.**

Chartered Accountants

**REGISTERED OFFICE :**

A-387, Gr. Floor,  
Road No. 28,  
Wagle Ind. Estate,  
Thane 400 604.  
Maharashtra  
(India)

**CORPORATE OFFICE :**

Vatsa House,  
Fort,  
Mumbai-400 001.  
India

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## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy on Code of Governance :

Since Financial Year 2001-2002, Vatsa Corpn Limited has been practising the principles of good corporate governance as means of effective protection and enhancement of shareholder's interest.

### Board Meetings :

Vatsa Corpn Limited holds board meetings and at least four such meetings are held every year (One each quarter as required under Section 285 of the Companies Act, 1956) for which the agenda papers are normally circulated about a week in advance. The Board at its meeting fixes the date for the subsequent Board Meeting.

The Board of the Company, as also the various specialized Committees Constituted by the Board, held as many as meetings including meetings of the Board during 2001-2002. Detailed Agenda notes with MIS Reports were circulated in advance to the Board and all matters with explanatory notes/reports relating to the respective Committees were circulated to the Committee members sufficiently in advance of its meetings. Committee Meetings were held to transact matters delegated to the Committee, by the Board. These meetings were held mostly at the Office of the Company. The provisions relating to notice, agenda, quorum and minutes shall mutatis mutandis apply to such meetings held through such audiovisual media. This will enable the Directors to conduct the deliberations of the meetings speedily, cost effectively, most efficiently and without loss of time.

### Non-Executive Directors :

Any listed company, with a turnover of Rs. 100 Crores and above, should have professionally competent non-executive directors, who should constitute at least 30% of the Board, if the Chairman of the Company is a non-executive director, or at least 50% of the Board, if the Chairman and Managing Director is the same person. So far as our Company is concerned, the Chairman of the Board and the Managing Director both are separate. All Directors including non-executive directors are professionally competent.

The non-executive directors play an active and important role in the meetings of the Boards of Directors of the company. They also take active part in the deliberations

of various Committees of the Board, which are entrusted with clearly defined responsibilities. The particulars of the Board Committees and the number of meetings held with average attendance of the members are furnished below.

The Board consisted of 3 directors as on October 31, 2002.

The number of meetings held during the tenure of the directors and the number of meetings attended by them also are furnished hereunder :

Directors	No. of Meetings		Attended Last AGM**
	Held*	Attended	
M. J. Williams	8	8	Yes
Conard Philips	8	7	Yes
S. Ogle	8	8	Yes

Note : The Directors were available on-line in all meetings, when not physically present.

\* The Board of Directors met 8 times during the year on the following dates :

18 December 2001, 30 January 2002, 13 February 2002, 2 April 2002, 7 May 2002, 19 July 2002, 9 August 2002, 3 September 2002.

\*\* Annual General Meeting (AGM) held on 28<sup>th</sup> February 2003.

### MEETINGS OF INVESTMENT COMMITTEE :

Name of the Director	No. of Meetings held during the tenure of Directors	No. of Meetings attended
S. Ogle	4	4
Conard Philips	4	4
M. J. Williams	4	3

Mr. M. J. Williams was available on-line in the meeting, when not physically present.

The attendance of whole-time directors was 100%. All the directors proposed for reappointment have attended more than one half of the meeting held during their tenure.

**Audit Committee :**

The Audit Committee comprises three Directors. The Chairman of the Audit Committee is Mr. S. Ogle and its other members are Mr. Conard Philips and Mr. M. J. Williams. All these directors possess knowledge of corporate finance, accounts, company law, general and administration.

The terms of reference of the Audit Committee include :

- A) Overseeing the Company's financial reporting process and the disclosure of its financial information.
- B) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- C) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on;
  - Any change in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- D) Reviewing with the management, external and internal auditors the adequacy of internal control systems.
- E) Reviewing the adequacy of internal audit function.
- F) Discussion with internal auditors on any significant findings and follow up thereon.
- G) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

H) Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

I) Reviewing the Company's financial and risk management policies.

The Audit Committee met four times during the financial year 2001-2002 on 16-01-2002, 12-04-2002, 7-06-2002, 6-09-2002 .

**THE ATTENDANCE AT THE AUDIT COMMITTEE MEETING WAS AS UNDER :**

Director	No. of Committee meetings held	No. of Committee meetings attended
S. Ogle	4	4
Conard Philips	4	3
M. J. Williams	4	4

Mr. Conard Philips was available on-line in all the meeting, when not physically present.

**Details of shareholders Complaints received, not solved and pending Share Transfer :**

Name & Designation of Compliance Officer : R. Shrivastava  
Company Secretary

The total number of complaints received during the year were 565. All the complaints have been attended to, replied and resolved. All the share transfer as on 31<sup>st</sup> October, 2002 have been given effect to and no share transfers are pending.

**Compensation Committee :**

The Compensation Committee comprised of three Directors, Mr. Conard Philips, Mr. M. J. Williams, Mr. S. Ogle. The Committee ensures that a proper system of compensation is devised, recommends to the Board a Scheme for granting option to the employees of the company and frames suitable rules to ensure proper administration and superintendence of the employees. The committee submits its recommendation to the Board of Directors from time to time with the details of eligible and performance of the employees.

**Details of Remunerations to all The Directors For  
F. Y. 2001-2002 :**

Name	M. J. Williams	Conard Philips	S. Ogle
Designation	Director	Director	Wholetime Director
Salary	Nil	Nil	Rs.50,000/-
Performance Incentive	Nil	Nil	Nil
Commission	Nil	Nil	Nil
Total	Nil	Nil	Rs.50,000/-

**Annual General Meetings :**

Particulars Year & Date	Venue
F.Y. 1999-2000 5th January 2001	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. D. Marg, Mumbai-400 001
F.Y. 2000-2001 5th February 2002	A-387, Gr. Floor, Road No. 28, Wagle Ind. Estate, Thane - 400 604.

**Disclosures :**

The Company does not have any materially significant related party transactions with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.

**Means of Communication :**

The quarterly results are published in a national newspaper, and in a Regional newspaper.

**General Shareholder's Information :****a) Annual General Meeting**

Date : 28th February, 2003  
Time : 5.30 p.m.  
Venue : A-387, Gr. Floor, Road No. 28,  
Wagle Ind. Estate, Thane - 400 604

**b) Financial Calendar :**

**November, 1<sup>st</sup> 2001 - October 31<sup>st</sup> 2002**

(i) 15th Annual General Meeting

(ii) 1st quarterly result-second week of February, 2001  
2nd quarterly result-first week of May, 2002  
3rd quarterly result-second week of August, 2002  
Annual Audited result-first week of January, 2002.

**c) Book Closure Date :**

February 24, 2003 to  
February 26, 2003 (both days inclusive)

**d) Listing on Stock Exchanges :**

Equity Shares are listed on the following Stock Exchange

**THE STOCK EXCHANGE, MUMBAI**

Phiroze Jeejeebhoy Towers,  
Dalal Street  
Mumbai - 400 001

**NATIONAL STOCK EXCHANGE OF INDIA LTD.**

'Exchange Plaza' 5th Floor,  
Plot No. C/1 G. Block, Bandra-Kurla Complex,  
Bandra (E), Mumbai-400 051.

The Equity Shares are listed on all stock exchanges in India.

**e) Share Transfer System :**

Share Transfer requests received in physical form is registered within an average period of 12 days. A Share Transfer Committee comprising of members of the Board meets twice in a week to consider the transfers of shares.

Request for dematerialisation (demat) received from the shareholders are effected within an average period of 3 days.

The Company has, as per SEBI guidelines with effect from March 24, 2002, offered the facility of transfer cum demat. Under the said system after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP based on the option letter, generates a demat request and sends the same to the Company alongwith the option letter issued by the Company. On receipt of the same, the Company dematerialise the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the

Company will despatch the share certificates after 15 days from the date of such option letter.

f) Address for correspondence :

**With the Company :**

Demat Share Department,  
Vatsa House, Janmbhoomi Marg,  
Fort, Mumbai - 400 001.

The Company is taking necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement, as applicable to the Company.

**Standardized Accounting Practices :**

The accounts of the Company are governed by various statutory enactment's and are drawn in accordance with the generally accepted accounting standards. Relevant Accounting Policies are clearly defined and followed consistently.

**Management Information System :**

As a matter of transparency and good governance, key operational and financial data as also other relevant information is furnished to the members of the Board. Besides, Chairman & Managing Director presents a brief account of important developments at every Board Meeting.

The Company continues to endeavor to adopt and follow the best practices of governance, keeping the long term interest of all shareholders.

**WHOLE TIME DIRECTOR**