

84th Annual Report 2003-2004



WALCHAND CAPITAL LIMITED



BOARD OF DIRECTORS

Ms. PALLAVI JHA – CHAIRPERSON & MANAGING DIRECTOR

Mr. M.N. BHAGWAT

Mr. SHAILESH HARIBHAKTI

Mr. SANJAY JHA

Mrs. KAMALINI BAHUBALI

Dr. S.C. JHA

AUDITORS

MESSRS K.S. AIYAR & CO.,
CHARTERED ACCOUNTANTS

SOLICITORS AND ADVOCATES

MESSERS WADIA GHANDY & CO.

BANKERS

STANDARD CHARTERED BANK
BANK OF INDIA
UCO BANK
DENA BANK

REGISTERED OFFICE

1, CONSTRUCTION HOUSE,
WALCHAND HIRACHAND MARG,
BALLARD ESTATE,
MUMBAI – 400 001
TEL : 22618095 /8096
FAX : 22610574
E-MAIL : walchand@bom3.vsnl.net.in

REGISTRAR & TRANSFER AGENT

M/s. COMPUTECH SHARECAP LIMITED
147, MAHATMA GANDHI ROAD,
FORT, MUMBAI – 400 023
TEL : 22671824-25-26
FAX: 22670380
E-MAIL : helpdesk@compu-techsharecap.com

INFORMATION FOR SHAREHOLDERS

84TH ANNUAL GENERAL MEETING

DATE	: 28.9.2004 (TUESDAY)
TIME	: 11.30 A.M.
VENUE	: WALCHAND HIRACHAND HALL INDIAN MERCHANT CHAMBERS, IMC MARG, CHURCHGATE, MUMBAI - 400 020
DATE OF BOOK CLOSURE	: SEPTEMBER 21, 2004 TO SEPTEMBER 28, 2004 (BOTH DAYS INCLUSIVE)

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NOTICE

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighty-Fourth Annual General Meeting of WALCHAND CAPITAL LIMITED will be held at Walchand Hirachand Hall, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai - 400 020 on Tuesday, the 28th day of September 2004 at 11.30 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2004, Profit and Loss Account for the year ended on that date and the Reports of the Auditors' and the Directors' thereon.
2. To appoint a Director in place of Mr. M.N. Bhagwat, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Kamalini Bahubali who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this meeting until conclusion of the next Annual General Meeting and to authorise Board to fix their remuneration.

Special Business

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

"RESOLVED THAT Mr. Shailesh Haribhakti who was appointed as an Additional Director of the Company with effect from 12th April, 2004 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that period of office shall be liable to determination by retirement by rotation.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such sanctions and approvals as necessary and as approved and recommended by the Board of Directors ("the Board" which term shall be deemed to include Remuneration Committee thereof), approval be and is hereby accorded to the re-appointment of Ms. Pallavi Jha, as Managing Director, for a further period of 3 (three) years with effect from 26.7.2004 on the terms & conditions including remuneration as are set out hereunder:

A Period of Appointment : 26.7.2004 to 25.7.2007 (3 years).

B Salary : Rs. 1,00,000/- (One lac) per month (as existing) with an annual increment of Rs. 40000/- (Forty thousand) per month.

In addition to salary the Managing Director will be entitled to following existing perquisites and allowances:

C Perquisites (as existing)

- i) Residential Accommodation : Rent free furnished accommodation (against recovery of 10% of basic salary) or 60% of basic salary as House Rent Allowance in lieu of accommodation. The Managing Director shall also be eligible for maintenance of accommodation including furniture, fixtures, furnishings and provision of gas, electricity and water. Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 subject to ceiling of 10% of the basic salary.
- ii) Medical reimbursement : Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- iii) Leave travel assistance : For self and family, once in a year as per Rules of the Company.
- iv) Personal Accident Insurance: Premium not to exceed Rs. 4,000/- per annum.
- v) Club fees: Fees of two Clubs. This will not include admission and life membership fee.
- vi) Credit Card Fees: For one Credit Card.
- vii) Leave : Leave entitlement and Encashment of accumulated leave at the end of tenure as per Rules of the Company.
- viii) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ix) Gratuity as per rules of the Company but shall not exceed half a month's salary for each completed year of service.
- x) Car : Use of the Company's AC Car with a driver or alternatively the Company will maintain at its expense a car belonging to the Managing Director and will also reimburse the salary of the driver as per the Rules of the Company and will not form part of the perquisites.
- xi) Telephone: Telephone(s) facility at residence, as per Rules of the Company. Personal long distance calls will be borne by the Managing Director. Perquisites shall be evaluated as per applicable provisions of the Income Tax Rules.

D. Commission

Commission as may be decided by the Board of Directors based on the net profits of the Company in a particular year subject to the overall ceiling limit laid down under Section 198 and 309 of the Companies Act, 1956.

- E.** The total remuneration including perquisites shall not exceed the limits specified in schedule XIII of the Companies Act, 1956. The perquisites namely contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity and encashment of leave shall not be included in the computation of the ceiling on remuneration.

F. Minimum Remuneration:

Notwithstanding anything hereinabove, where in any financial year during the currency of her tenure as Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisite as above subject to the ceiling specified under Section II of Part II of the Schedule XIII to the Companies Act, 1956.

- G. Termination :** The appointment is liable for termination by either party giving 6 months' notice in writing to the other.

The terms and conditions of the above appointment may be altered and varied from time to time by the Board of Directors ('the Board' which term shall be deemed to include Remuneration Committee thereof) as it may in its discretion deem fit within the maximum amount payable to the Managing Director in accordance to Schedule XIII of the Companies Act, 1956 or any amendments made hereafter in this regard and as may be agreed to by the Managing Director.

"RESOLVED FURTHER THAT Ms. Pallavi Jha, being a Director liable to retire by rotation, her re-appointment as such Director shall not be deemed to constitute a break in her appointment as Managing Director.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution "the Board" be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit and also, to make such alterations and modifications, as may be required within the limits of Schedule XIII of the Companies Act, 1956."

Place : Mumbai
22nd July, 2004

By Order of the Board,
(Sadanand Marathe)
Compliance Officer

Registered Office

1, Construction House,
Walchand Hirachand Marg,
Ballard Estate, Mumbai - 400 001.

Notes :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not less than 48 hours before the commencement of the meeting.**
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 21, 2004 to September 28, 2004 (both days inclusive) for the purpose of Annual General Meeting.
4. Dividend for the financial year ended March 31, 1997, which remains unpaid/unclaimed will be due for transfer to the Investor Education & Protection Fund of the Central Government (IEPF) in the month of September 2004 pursuant to the provisions of Section 205A of the Companies Act, 1956. Members who have not encashed their dividend warrant(s) for the financial year ended March 31, 1997, or any subsequent financial year(s), are requested to lodge their claims with the Company forthwith. **Members are requested to note that no claims shall lie against the Company or the said Fund (IEPF) in respect of any amounts which were unclaimed and unpaid for a period of 7 years from the dates that they become due for payment.**
6. Members holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, may send their request in the prescribed form 2B to the Registrar & Transfer Agents of the Company.
7. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
8. Members desirous of obtaining any information on the Accounts and Operations of the Company, are requested to write atleast one week before the meeting so that the same could be compiled in advance.
9. Members are requested to notify changes, if any, in their registered addresses to the Company's Registrars.
10. Members are requested to bring their copy of Annual Report to the Meeting.
11. All documents referred to in the notice and explanatory statement are open for inspection at the registered office of the Company between 10.30 a.m. and 1.00 p.m. on all working days upto the date of the meeting.



EXPLANATORY STATEMENT

AS REQUIRED BY SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 5

Mr. Shailesh Haribhakti was appointed by the Board of Directors, as an Additional Director on April 12, 2004. In accordance with provisions of section 260 of the Companies Act, 1956 and Article 135 of the Articles of Association of the Company he holds office up to the date of the ensuing Annual General Meeting.

Notice in writing has been received from a Member of the Company alongwith a deposit of Rs. 500/- pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Shailesh Haribhakti as a candidate for the Office of the Director.

A brief resume of Mr. Shailesh Haribhakti is annexed to this notice.

None of the Directors except Mr. Shailesh Haribhakti is interested in the said Resolution.

Item No. 6

At the Seventyninth Annual General Meeting held on 28.12.1999, members of the Company approved the appointment of Ms. Pallavi Jha as Executive Director for a period of 5 years from 26.7.1999 and she was re-designated as Managing Director with effect from 19.11.1999. The tenure of her appointment expires on 25.7.2004.

The Company is now on the threshold of a strong phase of growth since the launch of its new operations with Dale Carnegie Training. It is in the interest of the Company to continue to avail of the services of Ms. Pallavi Jha and renew her appointment as Managing Director. The Board therefore constituted a Remuneration Committee to recommend remuneration for Ms. Pallavi Jha. The Remuneration Committee comprising independent Directors namely Dr. S.C. Jha, Mr. M.N. Bhagwat and Mr. Shailesh Haribhakti, approved and recommended the remuneration as set out in the body of the resolution which the Board has agreed to offer by its resolution dated 29.4.2004. The remuneration is well within the ceiling limits of remuneration under applicable statutory provisions and schedule XIII of the Companies Act, 1956. The Company has not made any default in repayment of any of its debts (including deposits) or debentures or interest payable thereon for continuous period of 30 days in the preceding financial year before the date of re-appointment of the Managing Director.

The Board recommends this special resolution for your approval.

Ms. Pallavi Jha is interested in the resolution as it pertains to her re-appointment and / or remuneration payable to her. Mr. Sanjay Jha, being husband and Mrs. Kamalini Bahubali being mother of Ms. Pallavi Jha are deemed to be concerned or interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in this resolution.

This explanation together with the notice is and should be treated as abstract of the terms of re-appointment of Ms. Pallavi Jha as Managing Director of the Company and a Memorandum as to the nature of the concern or interest of

the Directors in the said re-appointment, as required u/s. 302 of the Companies Act, 1956.

Information required on the matter pursuant to section II 1(B)(iv), Part II of Schedule XIII to the Act is annexed herewith.

Place : Mumbai
22nd July, 2004

By Order of the Board,
(Sadanand Marathe)
Compliance Officer

Registered Office

1, Construction House,
Walchand Hirachand Marg,
Ballard Estate, Mumbai - 400 001.
Mumbai - 400 001

INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING RE-APPOINTMENT OF DIRECTORS.

Mr. M.N. Bhagwat did his Bachelors Degree in Mechanical & Electricals Engineering from the University of Pune, M.S. (Mechanical Engineering) from University of Illinois, USA and Diploma in Business Management from the prestigious Bajaj Institute of Management Studies, Mumbai.

He worked in various senior positions both in India and abroad which includes Blue Star Ltd., Yokogawa Blue Star Ltd., Total Mechanical Systems Inc. USA Skidmore, Owings & Merrill, Chicago, USA and Managing Director of Tata Honeywell Limited. He is currently Advisor to Tata Sons Limited and heading the Corporate Assurance Group, which administers the Tata Brand equity and the Tata Code of Conduct. He is Chairman of the Audit Committee of Walchand Capital Limited.

Mrs. Kamalini Bahubali is a Graduate in Arts. She has gathered a lot of experience by closely working with our illustrious Executive Chairman late Mr. Bahubali Gulabchand, being his wife. She has actively contributed in the development of the Walchand Group of Companies.

INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING APPOINTMENT OF DIRECTOR.

Mr. Shailesh Haribhakti is Managing Partner of Haribhakti & Co. and CEO of Haribhakti Group (a well known professional house). He is Fellow member of the Institute of Chartered Accountants of India (ICAI), Cost Accountant, Certified Internal Auditor, Certified Financial Planner and Certified Fraud Examiner (CFE)

He is on the Board of many renowned public companies and is the former President of Indian Merchant Chamber and is presently the Chairman of Corporate Governance Committee of ASSOCHAM, empanelled member of Indian Council of Arbitration. He has also served as ASSOCHAM Nominee on J.R. Verma Committee on Sweat Equity, ESOPs & Privately Placed Equity and Naresh Chandra Committee on Corporate Governance.

He is distinguished icon in professional and corporate arena and also a visiting faculty of leading institutions and associations like Institute of Chartered Accountants of India, Institute of Internal Auditors, CII, IMC & ASSOCHAM.

DIRECTORS' REPORT

The Members of WALCHAND CAPITAL LIMITED

Your Directors present herewith the 84th Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2004.

1. FINANCIAL RESULTS

	2003-04	(Rs. In Lacs) 2002-03
Profit/(Loss) before interest, depreciation and taxation	(351.72)	(395.75)
Less : Interest	0.17	0.03
Depreciation	29.38	26.45
Provision for Taxation-current		
/earlier years	3.50	6.06
	<u>33.05</u>	<u>32.54</u>
Net Profit/(Loss)	(384.77)	(428.29)
Add: Balance brought forward	575.24	1003.53
Balance carried forward	<u>190.47</u>	<u>575.24</u>

2. DIVIDEND

The Board of Directors do not recommend any dividend for the year in view of the losses incurred.

3. MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure and Development

India has the world's 13th-largest GNP and the economy is expanding at 8% annually, making it one of the fastest growing economies in the world. Industry and services sectors are growing in importance and account for 26% and 48% of GDP, respectively, while agriculture contributes about 25.6% of GDP. The proportion of Indians living in extreme poverty - on \$1 a day or less - has fallen from 36% a decade ago to about 25% today, even though the overall population has grown, but a large and growing middle class of 150-200 million has disposable income for consumer goods. India's gains are all the more amazing given its still-staggering poverty and infrastructural bottlenecks.

Whether it's for research and development, analysis or design of critical processes, India is a hub for a growing number of blue-chip names and drug makers who are cutting costs by moving research or manufacturing here. Increasingly, India has its own roster of blue chips, such as information-technology services giants Infosys, Tata Consultancy and Wipro. India is enjoying a huge success in knowledge-based industries and now even the basic industries are looking up in performance. To sustain a high level growth there is felt need for capacity building of the personnel

in different industries, sectors and government machineries in the country.

With the phenomenal growth of industry, the requirements for a soft skill to hard skills capacity enhancement, continuum has to be met to boost the momentum in growth and national quality of life. Training in soft skills improves the human life indices by making the interventions across sectors focused and measurable rapid assessment indicates 40% probable growth in the soft skill training market in the country. There are a few credible, global brands operating in the country but most of the training is undertaken by boutique organizations and individuals lacking in accreditation, Quality Control and operational size.

b) Opportunities and Challenges

Opportunities for capacity development have never been greater. The information revolution and the advent of new technologies continue to open up possibilities for individual and collective empowerment, information exchange and knowledge accumulation that were previously not imagined. Capacity development builds on and harnesses rather than replaces indigenous capacity. It is about promoting learning, boosting empowerment, building social capital, creating enabling environments, integrating cultures, and orientating personal and societal behaviour.

We are aiming at enhancing the capacity of all the major sectors in the country and the south Asian region because there is a felt need of a credible training platform to ensure a turnaround at a macro and large scale. The 40% growth opportunity includes the needs in the manufacturing sector, government sector, governance, development sector and the knowledge industry. The challenge is to meet the big need with competent, relevant and innovative trainers resulting in a sustained impact. There is a plan to strategize an out of the box business plan which takes into account the industry as well as the social sector to reach the millennium development goals. The attempt is also to cater to the demands through strategic partnerships with educational institutions, research institutions, consulting organizations and industry associations to add value to the portfolio.

c) Outlook, Risks, Concerns

The objectives of capacity building is to pitch the training business at all levels of the economy to support the institutions and sectors in overcoming the widely acknowledged and identified shortcomings and contribute to the improvement in the national output.

Out strategy for business broadly incorporates the following tenets:

Broad based participation and a locally driven agenda

Building on local capacities

Ongoing learning and adaptation

Long-term investments

Integration of activities at various levels to address complex problems

The challenges are daunting but surmountable. The sectors' sensitization to the need of integrating training programs in the existing or planned human resources policy should not be delayed to disrupt tangible impact assessment of the programs. The governing set up often accepts a large scale intervention like ours after completing a set up protocols which usually hinders the growth of the project. This could compel us to spend more resources in enabling environment.

d) Segment wise Performance

The Company has commenced its activities under its new business division "Dale Carnegie Training - India" effective December 2003. The revenue and results for this segment and the main activity are reported in the notes to accounts.

e) Internal Control Systems and their adequacy

The Company has adequate and effective control systems, commensurate its size and nature of business, to ensure that assets are efficiently used and the interest of the Company is safe guarded and the transactions are authorised, recorded and reported correctly. Checks and balances are in place to determine the accuracy and reliability of accounting data. The preventive control systems provide for well documented policy, guidelines, authorization and approval procedures.

f) Financial Performance with respect to operational performance

Total income during the year under review 379.47 lakhs as against Rs.109.98 lakhs in previous year. The Operating profit for the year is Rs.13.47 lakhs. However, as a matter of prudence the Company has provided for Rs. 393.33 lakhs towards difference in market value and book value of investments in Mutual Funds and old outstanding dues.

After providing for taxation of Rs. 3.50 lakhs, the net loss suffered by the Company arrived at Rs. 384.77 lakhs as against net loss of Rs. 428.29 lakhs suffered in the previous year. In view of the current strong Reserves and Surplus position at Rs.1131.84 lakhs, your Company has been well placed to absorb the impact of the losses on

account of the provisions made.

The financial performance of the Company reflects shift in its focus from investment activities to training activities. The new Dale Carnegie Training Division has just commenced the operations during the year and the Company is expected to make turnaround in its performance in the near future.

g) Human Resources

Your Company considers its manpower as its most valuable asset. Personnel policies of your Company are designed to ensure fairness to and growth of all individuals in the Organisation and continuously strives to provide a challenging work environment. The Company's total manpower strength stands presently at 24 comprising mainly of senior managers, qualified trainers, marketing and accounts and administrative staff. Your Company expects to continue its recruitment process during the year in keeping with the expansion of the Dale Carnegie operations across the country.

4. INVESTMENTS

During the year under report the outstanding position in the investment of shares and debentures of various companies were to the tune of Rs. 517.62 lacs as compared to the last year's investment of Rs. 623.39 lacs. This is due to current year provision for diminution amounting to Rs. 169.39 lacs

5. SUBSIDIARIES

The annual accounts of Vikhroli Metal Fabricators Limited, Walchand.Com Private Limited and Walchand Securities Private Limited for the year ended March 31, 2004 are annexed to this report as required under the Companies Act, 1956.

6. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard 21 - "Consolidated Financial Statements" Issued by the Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements of the Group are annexed. These Group accounts have been prepared on the basis of audited financial statements received from the Subsidiaries, as approved by their respective Boards.

7. FIXED DEPOSITS

Your Company had stopped accepting / renewing fixed deposits since February 1998. The Company after obtaining necessary approval from the Reserve Bank of India had offered to repay the entire fixed deposits to all the deposit holders, who were holding the deposits as on August 31, 1999, including the interest thereon.

As at March 31, 2004, the outstanding liability from 9 fixed depositors was Rs. 0.69 Lac. The entire

outstanding liability is on account of matured fixed deposits which remained unclaimed.

8. CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance together with a Certificate from the Statutory Auditors is annexed as part of the Annual Report.

9. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956 :

- a) that in the preparation of the Annual Accounts for the year ended March 31, 2004, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.
- b) that the Directors have selected such accounting policies and applied them consistently and made judgements 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 ended March 31, 2004 and of the profit of the Company for that year.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- d) that the Directors have prepared the Annual Accounts for the year ended March 31, 2004, on a going concern basis.

Note no. ix (a) to the Auditor's Report is self-explanatory and does not require any comments from the Board of Directors.

10. DIRECTORS

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956 Mr. M.N. Bhagwat and Mrs. Kamalini Bahubali retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

Mr. Shailesh Haribhakti has been appointed as Additional Director of the Company with effect from April 12, 2004. Mr. Haribhakti holds office upto the date of forthcoming Annual General Meeting pursuant to section 260 of the Companies Act, 1956. Notice has been received from a member signifying his attention to propose Mr. Shailesh Haribhakti as a

candidate for the office of Directorship. Your Directors recommend for his appointment.

The Board of Directors at its meeting held on April 29, 2004 re-appointed Ms. Pallavi Jha as Managing Director of the Company with effect from July 26, 2004 for a further period of three years. An appropriate resolution seeking your approval for re-appointment of Ms. Pallavi Jha is included in the notice convening the 84th Annual General Meeting

11. STATUTORY AUDITORS

You are requested to appoint Auditors for the current year and fix their remuneration. The Auditors of the Company, Messrs K. S. Aiyar & Co. Chartered Accountants retire at ensuing Annual General Meeting of the Company and have given their consent for re-appointment. The Company has also received a certificate from them under Section 224 (1-B) of the Companies Act, 1956.

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

The provisions of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

During the year under review, the Company utilised and earned foreign exchange amounting to Rs. 32,91,731/- and Rs. Nil respectively.

13. DELISTING OF EQUITY SHARES FROM PUNE STOCK EXCHANGE

The equity shares of your Company have been delisted from Pune Stock Exchange with effect from 16.1.2004 as per approval received from the Exchange.

14. PARTICULARS OF EMPLOYEES

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

For and on behalf of the Board of Directors

Place :Mumbai.
22nd July, 2004

PALLAVI JHA
CHAIRPERSON &
MANAGING DIRECTOR

Registered Office

1, Construction House,
Walchand Hirachand Marg,
Ballard Estate, Mumbai 400 001.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2003-04

(as required under clause 49 of the Listing Agreements with the Stock Exchanges)

1. Company's philosophy on Code of Governance

The Company has always been committed to the principles of good corporate governance. It fundamentally believes that good corporate governance should be an internally driven need and is not to be looked upon as an issue of compliance dictated by statutory/regulatory requirements. The Company's philosophy on corporate governance envisages an attainment of the highest level of transparency, accountability and equity in all facets of its operations for meeting obligations towards the shareholders and other stakeholders.

2. Board of Directors

The composition and category of Directors as on March 31, 2004 are as under:-

Name of Directors	Category	No. of other Directorships		No. of other Committees Member	Chairman
		Private	Public		
Ms. Pallavi Jha	Chairperson and Managing Director	1	6	-	-
Ms. Kamalini Bahubali	Non-executive	-	1	-	-
Mr. Sanjay Jha	Non-executive	1	6	-	-
Mr. M.N. Bhagwat	Independent Non-executive	6	-	-	3
Dr. S.C. Jha	Independent Non-executive	3	-	2	-
*Mr. Shailesh Haribhakti	Independent Non-executive	9	6	3	5

*Mr. Shailesh Haribhakti has joined the Board with effect from April 12, 2004.

During the accounting year 2003-04, four Board Meetings were held on April 24, 2003, July 25, 2003, October 22, 2003 and January 28, 2004

The Annual General Meeting of the Company was held on September 23, 2003.

Attendance at Board Meeting and last Annual General Meeting:-

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Ms. Pallavi Jha	4	Present
Ms. Kamalini Bahubali	4	Present
Mr. Sanjay Jha	4	Present
Mr. M.N. Bhagwat	4	Present
Dr. S.C. Jha	3	Present

3. Audit Committee

The Board constituted an Audit Committee of Directors on April 26, 2001 having Mr. Sanjay Jha, Non-Executive Director and Dr. S.C. Jha, Non-Executive Independent Director as members and Mr. M.N. Bhagwat, Non-Executive Independent Director as Chairman of the Committee. With effect from April 19, 2004, Mr. Shailesh Haribhakti, Non-Executive Independent Director was also appointed as Member of the Audit Committee. The members of the Committee are well versed in finance / accounts, legal matters and general business practices.

The functions of the Audit Committee include the following:-

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other expenses.
- Reviewing with management the annual / half-yearly / quarterly financial statements before submission to the Board.

- d. Reviewing with management, external and internal auditors, the adequacy of the internal control systems.
- e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading of the department, reporting structure coverage and frequency of internal audit.
- f. Discussion with external auditors before the audit, any significant findings and follow up thereon.
- g. Reviewing the findings of any internal investigations by 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.
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

During the accounting year ended March 31, 2004, four Audit Committee Meetings were held on April 24, 2003, July 21, 2003, October 22, 2003 and January 28, 2004. The attendance of the Members at the Audit-Committee Meetings were as follows:

Name of Member	Status	No. of Meetings attended
Mr. M.N. Bhagwat	Independent Non Executive Director	4
Dr. S.C. Jha	Independent Non Executive Director	3
Mr. Sanjay Jha	Non – Executive Director	4

The Statutory Auditors, Associate Vice President (Accounts & Finance) and Managing Director are invitees to the Audit Committee Meetings.

4. Remuneration Committee

The Board constituted Remuneration Committee of Directors on April 19 2004 having Mr. M.N. Bhagwat, Non-executive Independent Director and Mr. Shailesh Haribhakti, Non-executive Independent Director as Members and Dr. S.C.Jha, Non-executive Independent Director as Chairman of the Committee. The Broad terms of the Committee are to determine and review remuneration / compensation package of Managing Director / Whole Time Director of the Company. At present Non-executive and Independent Directors are not paid any remuneration except sitting fees for attending Board Meetings

Details of remuneration paid to Directors during the accounting year ended March 31, 2004 are as under:

Name Of Directors	Salary Rs.	Contribution To P.F. and Superannuation Fund (Rs.)	Perquisites	Sitting Fees Rs.
Ms. Pallavi Jha	12,00,000	3,45,480	3,00,000	Nil
Ms. Kamalini Bahubali	Nil	Nil	Nil	16,000
Mr. Sanjay Jha	Nil	Nil	Nil	16,000
Mr. M.N. Bhagwat	Nil	Nil	Nil	16,000
Dr. S.C. Jha	Nil	Nil	Nil	12,000

Note :- Except Ms. Pallavi Jha who is Chairperson and Managing Director all other directors are Non- Executive Directors.

5. Shareholders Grievance Committee

The Company reconstituted Shareholders Grievance Committee in July 2001 to specifically look into the redressal of the shareholders grievances and also the share transfers and other investor related matters. The Committee consists of Mr. Sanjay Jha - Chairman and Ms. Pallavi Jha - Member. The Company Secretary, has been designated as the Compliance Officer.