



apcotex lattices limited



Annual Report 2002-2003



apcotex lattices limited

BOARD OF DIRECTORS

Atul C. Choksey
S.K. Lahiri
Girish C. Choksey
Bipin V. Jhaveri
Dr. S. Sivaram
Manubhai G. Patel
Dr. S. Rengachary
Amit C. Choksey
T. N. V. Ayyar
Abhiraj A. Choksey

Chairman
Director & C.E.O.
Director
Director
Director
Director
Director
Director
Director

AUDIT COMMITTEE

Manubhai G. Patel
Girish C. Choksey
Bipin V. Jhaveri

Chairman
Member
Member

COMPANY SECRETARY

Anand V. Kumashi

AUDITORS

Shah & Co.
Chartered Accountants

BANKERS

State Bank of India

REGISTERED OFFICE

49-53, Mahavir Centre,
Plot No. 77, Sector 17,
Vashi, Navi Mumbai - 400 703.
Telephone : (022) 2789 2635
E-mail : apcotex@bom4.vsnl.net.in

CORPORATE OFFICE

N. K. Mehta International House,
178, Backbay Reclamation,
Babubhai M. Chinai Marg,
Mumbai- 400 020.
Telephone : (022) 2283 8302 / 04
Fax : (022) 2283 8291

FACTORY

Plot No.3/1, MIDC Industrial Area,
Talga 410 208, Dist. Raigad, Maharashtra.
Telephone : (022) 2741 2239 / 2360 / 1611 / 1613
Fax : (022) 2741 2052

REGISTRARS AND SHARE TRANSFER AGENTS

MCS Limited
"Sri Venkatesh Bhavan",
Plot No. 27, Road 11,
M.I.D.C. Area, Andheri (East),
Mumbai - 400 053.
Telephone : (022) 2821 5235
Fax : (022) 2835 0456

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NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of **apcotex lattices limited** will be held at **NAVI MUMBAI SPORTS ASSOCIATION, Sector 6, Vashi, Navi Mumbai 400 703** on **Saturday, the 12th day of July 2003 at 10.30 a.m.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Accounts for the year ended 31st March 2003 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. M G Patel, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Girish C Choksey, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Bipin V Jhaveri, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint M/s. Shah & Co., Chartered Accountants as Auditors of the Company, and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Abhiraj A. Choksey, be and is hereby appointed as a Director of the Company, **liable to retire by rotation**".

8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**;

"RESOLVED THAT pursuant to Section 314(1) of the Companies Act, 1956, Dr. S. Rengachary, a Director of the Company, be and is hereby appointed as an Advisor to the Company for further period of one year with effect from 1st May 2003, and be entitled to reimbursement of all business related expenses incurred by him on car and telephone provided to him for the performance of his duties as Advisor and the Board of Directors of the Company, be directed to enter into an agreement, where necessary, for the purpose".

BY ORDER OF THE BOARD
For apcotex lattices limited

ANAND V. KUMASHI
Company Secretary

Date : 15th May 2003

Registered Office :

49/53 Mahavir Centre,

Plot No.77, Sector 17,

Vashi, Navi Mumbai - 400 703.

NOTES :

1. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
2. A member entitled to attend and vote, is entitled to appoint a proxy to attend and, on a poll, vote instead of himself/herself. A proxy need not be a member. Proxies in order to be effective must be received by the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **Monday, the 23rd day of June 2003 to Saturday, the 5th day of July 2003** (inclusive of both days).
4. Members are requested to notify the changes, if any, in their address to the Company's Registrars immediately.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature registered with the Company, for admission to the meeting hall.
6. Members are hereby informed that the Company has transferred to the Central Government all unclaimed dividends relating to the accounting years upto 31.3.1995. Members who have not collected dividends for any accounting year upto and including 31.3.1995 are requested to make an application to the Registrar of Companies, Maharashtra, CGO Complex, Belapur, Navi Mumbai, for an order for payment of such uncollected dividends. Such application has to be made in the prescribed Form No. II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government Rules, 1978).

Balance amount in unpaid Dividend Account for the financial year 1995-96 is due for transfer to the Investors Education Protection Fund administered by the Central Government during the month of August/September 2003. The shareholders whose dividend is unclaimed for that financial year are requested to claim it immediately from the Company, otherwise, the Company is advised, it cannot be claimed from Investors Education and Protection Fund.
7. Members desirous of getting any information relating to the accounts and operations of the Company are requested to address their queries to the Company at least seven days in advance of the meeting so that the information required may be made readily available at the meeting.

P.S. : The Chairman will also announce the results of the Postal Ballot for shifting of the Registered Office of the Company, for which necessary notice etc., has been posted separately.



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ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act, 1956)

Item No.7

The Board of Directors appointed Mr. Abhiraj A. Choksey as an Additional Director of the Company on 26th November 2002, in accordance with Article 118 of the Articles of Association of the Company. By virtue of the said Article, he holds the office till the conclusion of the ensuing Annual General Meeting. Notice has been received by the Company from a shareholder proposing his appointment as Director of the Company under Section 257 of the Companies Act, 1956.

Your Directors commend his appointment.

Except Mr. Atul C. Choksey, Mr. Girish C. Choksey, Mr. Amit C. Choksey and Mr. Abhiraj A. Choksey himself, no other Director of the Company is interested in this resolution.

Item No.8

Dr. S. Rengachary - Ex Managing Director of the Company, retired from the service of the Company on 31st March 2002, after working in the Company's plant for a continuous period of 25 years. He has wide and varied experience of the Synthetic Rubber and Latex industry. In order to get continuing benefit of his experience, the Board of Directors appointed him as Advisor to the Company for the period of one year effective from 1st May 2002, which appointment

was approved by the shareholders in the Annual General Meeting held on 27th July 2002. The Board of Directors have decided to appoint him as Advisor to the Company, for further period of one year effective from 1st May 2003, and he will continue to be entitled to reimbursement of all business related expenses incurred on car and telephone provided at his residence, for the performance of his duties as Advisor.

By virtue of this appointment, Dr. S. Rengachary, will continue to be holding office of profit in accordance with the provisions of Section 314(1) of the Companies Act, 1956, which requires the approval of the Company in the General Meeting.

Your Directors commend his appointment.

Except Dr. S. Rengachary, no other Director of the Company is interested in this resolution.

BY ORDER OF THE BOARD
For apcotex lattices limited



ANAND V. KUMASHI
Company Secretary

Date : 15th May 2003

Registered Office :
49/53 Mahavir Centre,
Plot No.77, Sector 17,
Vashi, Navi Mumbai - 400 703.

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DIRECTORS REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting you this Seventeenth Annual Report of the Company and the audited Statements of Account for the year ended 31st March 2003.

COMPANY PERFORMANCE

FINANCIAL HIGHLIGHTS

Particulars	2002-2003 (Rs. in Lacs)	2001-2002 (Rs. in Lacs)
GROSS SALES	6272.26	6738.17
Gross Profit Before Depreciation,		
Interest and Tax	566.46	1036.64
Less: Depreciation	366.73	369.93
Interest	16.18	90.36
Provision for Tax	18.32	46.50
Provision for Deferred Tax Liability	77.14	227.88
Profit/ (Loss) After Tax	86.09	301.87
Add / (Less) Prior Year Adjustments	(9.51)	48.32
Profit/ (Loss) for the period	78.58	350.29
Add: Balance brought forward from		
Previous year	144.47	—
Disposable Profit (Loss)	223.05	350.29
The Directors recommend the appropriation of the disposable profit as under:		
Dividend on Equity Shares	165.82	165.82
Tax on Dividend	21.24	0.00
Transfer to General Reserve	8.00	40.00
Balance carried to Balance Sheet	27.99	144.47
	223.05	350.29

OPERATIONS DURING THE YEAR

The year 2002-2003 was a difficult year due to significant increase in prices of major inputs like styrene, Butadiene monomers, which are petroleum based, by 40% and 34% respectively.

The Company registered Gross sale of Rs.6272.26 lacs against Rs.6738.17 lacs during the previous year. The sale of styrene butadiene rubber was particularly affected due to its rising prices and high cost of Natural rubber, which forced the major end user industry, footwear industry, particularly its small and medium producers to shift to cheaper alternative polymers like Ethylene Vinyl Acetate (EVA), Linear Low Density Poly Ethylene (LLDPE).

Sale of latices overall was satisfactory, particularly the Styrene and Butadiene latices for paper/paper board coating and latices used in construction industry for repairs and rehabilitation of concrete structures.

Due to steep increase in the prices of major input materials, styrene and butadiene monomers, profit margins were under pressure throughout the year.

There was a sharp reduction in the interest cost from Rs.90.36 lacs to Rs.16.18 lacs. This was achieved through repayment of high cost term loans and strict control on Accounts Receivables.

There was a continuous thrust by the management for improvement in product quality and productivity and for better process control through Technology up-gradation and cost optimization.

By installing a suitable application package, steps are initiated towards integrating the account, finance, sales, purchase and engineering functions. The company has been recommended for ISO 9001:2000 certification for its quality system.

The availability of raw and packing materials was satisfactory but their costs had an unfavourable impact on the operating profits.

Against this backdrop the Company's net profit before tax of Rs.183.55 lacs for the year after meeting all the expenses including interest and depreciation, can be considered as satisfactory.

DIVIDEND

Your Directors have recommended a dividend @ Rs.3.00 (Rupees Three) per Equity Share of Rs.10/- each. The Equity Dividend if approved would absorb a sum of Rs.165.82 lacs (excluding the dividend tax of Rs.21.24 lacs) out of net profit as above and will be paid to those shareholders whose names appear on the Register of Members as on 23rd June 2003.

PERSPECTS

It is hoped that with the end in hostilities in Iraq there will be less volatility in the prices of crude petroleum giving much needed relief to the petrochemical industry. The projected growth rate in the manufacturing sector, exports, infrastructure spending etc. should give a boost to the consumer demand. Since your company manufactures and markets Synthetic Rubber and latices, which are used in products of everyday use by a common man, the demand for its products is expected to grow in future. The continuing Anti dumping duty on Imports of selected grades of Styrene Butadiene Rubber from some of the countries will help the domestic industry.

The import duty in this year budget on Imported latex and rubber has been reduced to 25%, where as for the principal inputs like Styrene and Butadiene it has remained at 15%. This may put pressure on our margins. The prices of Natural Rubber will continue to be on the higher side, which will result in a higher consumption of low cost competing polymers. The competition from both local and foreign sources of latex and rubber is expected to be strong.

With continued focus on productivity improvements, quality, optimal sourcing, general cost containment and inherently strong manufacturing and marketing capabilities, your Directors view the prospects for the current year with cautious optimism.

STATUTORY DISCLOSURES

A. SUBSIDIARY COMPANY

As required by Section 212 of the Companies Act, 1956, the audited Statement of Accounts for the year ended 31st March 2003 of Apcotex Securities Ltd. and the reports of their Directors, Auditors thereon and Compliance Certificate issued by a Practising Company Secretary, are annexed.

The activity of trading in shares and securities through National Stock Exchange has been discontinued during October 2002. The Board of subsidiary company is exploring new business opportunities.

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B. ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information sought under the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure, forming part of this report.

C. PERSONNEL

In terms of revised limits set in the Notification dated 17th April 2002 of the Department of Company Affairs, no disclosures are required to be made under Section 217 (2A) of the Companies Act, 1956 and rules made thereunder.

D. DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- That they 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 and of the profits of the Company for that period;
- That they 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.
- That they have prepared the annual accounts on a going concern basis.

E. CORPORATE GOVERNANCE

- Your Company has always striven to incorporate appropriate standards for good Corporate Governance. It has taken adequate steps to ensure that the provisions of Corporate Governance as prescribed under the Listing Agreement with the stock exchange(s), are complied with.
- A detailed report on the Corporate Governance and Management Discussion and Analysis, forms part of this report.
- A certificate from the Auditor's of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

FIXED DEPOSITS MATURED BUT NOT CLAIMED

Fixed Deposits from the public and the shareholders stood at Rs.37.30 lacs at the end of the year. The Central Bureau of Investigation (CBI) had instructed the Company, not to repay the proceeds of 4 fixed deposits amounting to Rs.48,000/- (Rupees Forty Eight Thousand Only), which matured during the first week of December 2002, until further instruction from their office.

INSURANCE

All insurable assets of the Company including inventories, buildings, plant and machinery etc; as also liability under legislative enactments; are adequately insured.

ECOLOGY AND SAFETY

Members of the Safety Committee of the Company's Taloja Plant, have been reviewing the safety measures and their implementation, at their periodical meetings, to ensure adequate safety in material handling, control of pollution caused by liquid effluents, dust and emissions from chimney etc. Samples were periodically drawn and the reports submitted to the Pollution Control Board as required, ensuring compliance with standards. Consent has been obtained from Maharashtra Pollution Control Board to operate the plant at Taloja till 31st December 2004.

PERSONNEL

The Board place on record their appreciation of the contribution made by all employees during the year. The industrial relations with the employees were cordial.

BANKS

Your Directors wish to place on record their appreciation of the support from Company's sole banker, State Bank of India.

DIRECTORS

Mr. M G. Patel, Mr. Girish C Choksey and Mr. Bipin V. Jhaveri, retire by rotation and being eligible, offer themselves for reappointment. Mr. Atul C. Choksey has been appointed as an Additional Director of the Company, during the year, to hold the office till the conclusion of the ensuing Annual General Meeting.

AUDITORS

The Company's Auditors, M/s. Shah & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

FOR AND ON BEHALF OF THE BOARD

Atul C. Choksey

ATUL C. CHOKSEY
CHAIRMAN

Mumbai : 15th May 2003



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ANNEXURE TO DIRECTORS' REPORT

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A. POWER AND FUEL CONSUMPTION

Electricity:

	2002-2003	2001-2002
a) Purchased Units ('000 KWH)	4867.64	5,242.30
Total amount (Rs. in lacs)	201.05	224.76
Rate/Unit (Rs.)	4.13	4.28
b) Own Generation:		
Through Diesel generator		
Units ('000 KWH)	214.72	185.33
Units per ltr. of diesel oil	3.40	3.54
Cost/Unit (Rs.)	6.47	5.18

B. CONSUMPTION PER UNIT OF PRODUCTION

Synthetic Rubber Latices		
Electricity (KWH/MT)	141	160
Synthetic Rubber		
Electricity (KWH/MT)	720	738

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R & D is carried out by the Company:

The R & D activities of the Company pertain to:

- Development of new products to suit the changing market profile.
- Modification of existing products for up-gradation of performance.
- Development and evaluation of alternative raw/packing materials and sources, for cost reduction and flexibility in the input materials management.
- Development of products to meet specific industrial applications.
- Absorption of imported technology, if any.
- Improvement in process technology.

2. Benefits derived as a result of the above R & D.

- Company has commercialised a range of latices for various applications.

- Improvement in quality consistency of products.
- The recently commercialised grade of rubber has been finding increasing market acceptance.
- Contribution to reduced dependency on imported latices.
- Newly developed latices for textile and paper industries are undergoing trials.

3. Further plan of action:

- Continued efforts towards identifying additional end uses that can be developed for existing products.
- Develop new products for identified new applications.

4. Expenditure on R & D during the Financial Year is as follows:

	(Rs. in lacs)	
Particulars	2002-2003	2001-2002
Capital	18.17	3.55
Recurring	17.45	20.93
Total	35.62	24.48

Total R & D expenditure as a

percentage of turnover 0.67% 0.43%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

No new technology has been acquired requiring the above.

IMPORTED TECHNOLOGY

No technology import has been made in the recent past.

OTHERS

The recognition of the in-house R & D facilities by the Department of Scientific & Industrial Research has been renewed upto 31st March 2004

FOREIGN EXCHANGE EARNINGS & OUTGO

The Company is assessing export potential for its products. Details of foreign exchange earnings and outgo are given in Notes 11 & 12 of Schedule 'M' to the accounts.

FOR AND ON BEHALF OF THE BOARD

ATUL C. CHOKSEY
CHAIRMAN

Mumbai : 15th May 2003

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MANAGEMENT DISCUSSION AND ANALYSIS

The company's portfolio consists of various grades of Latexes and Styrene Butadiene Rubber manufactured for various applications. The following discussion covers product category wise Industry structure, prospects and competition.

1. Industry Structure and Developments

The company manufactures self-reinforced Styrene Butadiene grade of Rubber and several grades of Latexes for various Industries. The demand for these products is not primary but derived from the demand level for other goods into which these products enter.

The grades of Styrene Butadiene Rubber (SBR) produced by your company are used by the Footwear Industry (Hawai, Micro-sheet for shoe soles, Banwars). The Technology was developed and is being continuously upgraded through in-house R and D efforts. Currently, there is another domestic producer of these grades of SBR.

Imports are from Japan, South East Asian Countries, USA and European countries like France, Germany etc. It is truly a global competition. In today's world Technology drives competitiveness and knowledge is a strategic asset. Accordingly, your company is also adapting and aligning itself with emerging realities.

The latexes are of the types of VP Latex, Styrene Butadiene Latexes and Nitrile Latexes.

Currently including your company there are two domestic producers of VP Latex and Nitrile Latexes. There are five producers of Styrene Butadiene Latexes. Some of the leading global producers of the above latexes from USA, South East Asian Countries, Europe have their presence in the Indian market.

2. Opportunities and threats

The opportunities and threats are described as under,

Styrene Butadiene Rubber

The Common man's footwear, Rubber Hawai is extremely popular wherein your company's Styrene Butadiene Rubber is used apart from its use in Micro Soles for shoes. We are a billion plus Indians accounting for 16% of the global population. The Rubber Hawai is more popular with the rural consumers who account for almost 72% of our population.

For reasons of safety and comfort it is expected that atleast one pair of footwear will be used. Indian Footwear Industry is the second largest in the world next to China and has enormous growth potential. There is a demand for both Leather and Non-Leather Footwear, the latter being cheaper and has low maintenance cost. Apart from Styrene Butadiene Rubber the Low cost competing polymers like EVA, LLDPE, PVC etc. are also used extensively. These have seriously affected the growth in usage of Styrene Butadiene Rubber in the Footwear segment in the past five years.

Synthetic Latexes

Vinyl Pyridine latex (VP Latex) : This is used by the Tyre Industry for Nylon Tyre cord dipping. The 'dipped' fabric is used as a reinforcing material for the carcass of the Tyre. The Tyre production is expected to grow with improved demand for Automobiles and in the replacement segment.

However, with increased Radialisation with Steel Tyre Cord (where VP Latex is not required) a threat of flat demand exists in the longer time horizon.

The styrene Butadiene Latexes are used by the paper / board coating Industry, Textile Industry, Carpet Industry and Construction Industry.

As education spreads and there is increasing awareness to use biodegradable paperboard packaging material, the demand for coated paper / board is bound to grow. It is estimated that the consumption growth is at 10% per annum in India. Threat to growth for the coated segment is from uncoated types, which are cheaper.

Textiles (wearable segment) has to grow with growth in population and fiscal incentive provided to the Industry in this year's budget. The significant increase in consumption of polyester filament yarn and staple fibre is expected to give a boost to the Styrene Butadiene Latex usage for Textile finishing. The threat is from other types of finishing chemicals, which are equally popular like silicone emulsion, cationic and reactive softeners etc.

However, with continuing research globally to produce polyester yarn which will have the comfort of cotton fabrics and environmental issues, only specific type of finishing chemicals will be used in the future.

India is a major producer and exporter of tufted woolen carpets. Currently Natural Rubber Latex is used predominantly for secondary and third backing Styrene Butadiene Latexes are gradually substituting the NR Latex due to better tuft lock and ease of usage. Also, it does not cause protein allergy or putrefaction like NR Latex.

In the Construction Industry Styrene Butadiene Latex is used as an admixture in cement mortars, mostly for repair jobs like cracking, abrasion resistant flooring, bonding of old to new concrete and to some extent waterproofing. The quality of construction in most cases being not so sound there is a great deal of opportunity for these type of Styrene Butadiene Latexes. The competing products like Acrylates are also preferred for a number of applications.

The asbestos jointings based on Nitrile Latex are predominantly used in the automotive sector particularly in the replacement market. This is a mature market as gradually Non Asbestos material will be preferred for Technical reasons and it is environment friendly.





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3. Outlook

Your company manufactures and markets Synthetic Rubber and latices which are used in products of everyday use by a common man. The demand will always exist and expected to increase with growth in population, spread of education, increase in disposable income and other economic activities which have a positive impact on the demand for everyday necessities. We are witnessing an era in which the suppliers are facing new challenges and they are being looked as partners to progress by the customer. Hence continuous value addition in the customer product development and manufacturing process will increasingly become critical factors for success.

In your Company, there is a continuous thrust for improvement in products quality and productivity and for better process control through technology upgradation and production process optimization.

4. Risk and Concerns

The import duties in this years budget on Imported Latex and Rubber has been reduced to 25% whereas for our principal raw materials like Styrene and Butadiene it has remained at 15%. This will put pressure on our margins. Also our customers in the Tyre, Paper / Board industry expect large-scale imports due to reduction of import duty. Our raw materials like Styrene, Butadiene essentially are petrochemicals, prices of which are extremely difficult to forecast. The price of Natural Rubber, which is the principal ingredient in a Rubber footwear which surged from Rs.26/- per kg. last year to Rs. 40/- per kg. (Ex. Kottayam), is expected to remain at higher level, affecting the Rubber Industry in general and footwear industry in particular.

5. Internal Control Systems and their adequacy

The company has a proper and adequate system of internal controls to ensure that all assets of the company are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded

and reported correctly. An independent firm of chartered accountants carry out internal audit of accounts and monitor the effectiveness of internal checks and controls in the Organisation. A summary of audit observations and action taken report(s) are placed at the Audit Committee Meeting. The suggestions and directions of Audit Committee are recorded and action taken accordingly.

The Company has a well defined procedures to execute financial transactions.

6. Operational Overview

Please refer Director's Report.

7. Prospects

Please refer Director's Report.

8. Development of Human Resource / Industrial Relations

The Company continuously monitors its Human Resource requirement to ensure that it has adequate human skills commensurate with its needs. There has been a cordial relation between the employees at various levels and the management.

The Company continuously organizes and or deposes the employees to the seminars / workshops to enhance their skills/knowledge.

CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's Operations include raw material availability and prices, cyclical demand Company's principal markets, and pricing in the changes in Government regulations, tax regimes, economic developments within India and other incidental factors.

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CORPORATE GOVERNANCE

Corporate Governance deals with conducting affairs of a Company to maximise shareholders value, such that

- Trust is built around that enterprise is managed adequately and efficiently in its chosen business;
- There is openness, integrity and accountability in the dealings of the Company to the extent possible;
- There is fairness to its shareholders;
- There is adequate supervision of its business activities

BOARD OF DIRECTORS:

Composition of the Board and Directorship held in other Companies as on 31st March 2003

Sr. No.	Name of the Director(s)	Executive / Non-Executive / Independent	No. of other Directorship in Public Limited Companies	No. of other Board Committees as	
				Chairman	Member
1	Mr. Atul C. Choksey	Non-Executive – Chairman Promoter	14	1*	Nil
2	Mr. S K Lahiri	Director & CEO	Nil	Nil	Nil
3	Mr. Girish C. Choksey	Non-Executive	5	Nil	2
4	Mr. Bipin V. Jhaveri	Non-Executive, Independent	5	Nil	Nil
5	Dr. S. Sivaram	Non-Executive, Independent	2	Nil	Nil
6	Mr. Manubhai G. Patel	Non-Executive, Independent	2	2	2
7	Mr. Amit C. Choksey	Non-Executive	4	Nil	Nil
8	Dr. S. Rengachary	Non-executive	3	Nil	Nil
9	Mr. T.N.V. Ayyar	Non-Executive, Independent	8	5	8
10	Mr. Abhiraj A. Choksey	Non-executive	3	Nil	Nil

* was member of Audit Committee from 21/01/2003 to 21/04/2003

Attendance record of the Directors:

During the Financial year 2002-2003, Meetings of Board of Directors were held on the following days: -

04th June, 2002, 27th July, 2002, 26th November, 2002, 29th January, 2003.

Annual General Meeting was held on 27th July 2002.

The Attendance of Directors at the Board Meetings and Annual General Meeting were as under:

Directors	Number of Meetings		Attendance at the last Annual General Meeting
	Held	Attended	
Mr. Atul C. Choksey	4	4	Yes
Mr. S K Lahiri	4	4	Yes
Mr. Girish C. Choksey	4	4	Yes
Mr. Bipin V. Jhaveri	4	4	Yes
Dr. S. Sivaram	4	2	Yes
Mr. M.G. Patel	4	4	Yes
Mr. Amit C. Choksey	4	2	No
Dr. S. Rengachary	4	4	Yes
Mr. TNV Ayyar	4	1	No
Mr. Abhiraj A. Choksey	2*	1	—

* appointed as Additional Director in the Board Meeting held on 26th November 2002.

Agenda for each Board Meeting were sent along with notes on agenda items about a week in advance to the Board Members. Matters discussed at these Board Meetings related to among others, review of annual plan, quarterly results of the Company, minutes of meetings of audit committee, observations of the Audit Committee, statutory compliances by the Company, performance of subsidiary company, sale and purchase of investments etc. etc.

Audit Committee:

The Audit Committee consists of the following Directors:

Mr. M.G. Patel	Chairman	Non-Executive, Independent
Mr. Bipin V. Jhaveri	Member	Non-Executive, Independent
Mr. Girish C. Choksey	Member	Non-Executive