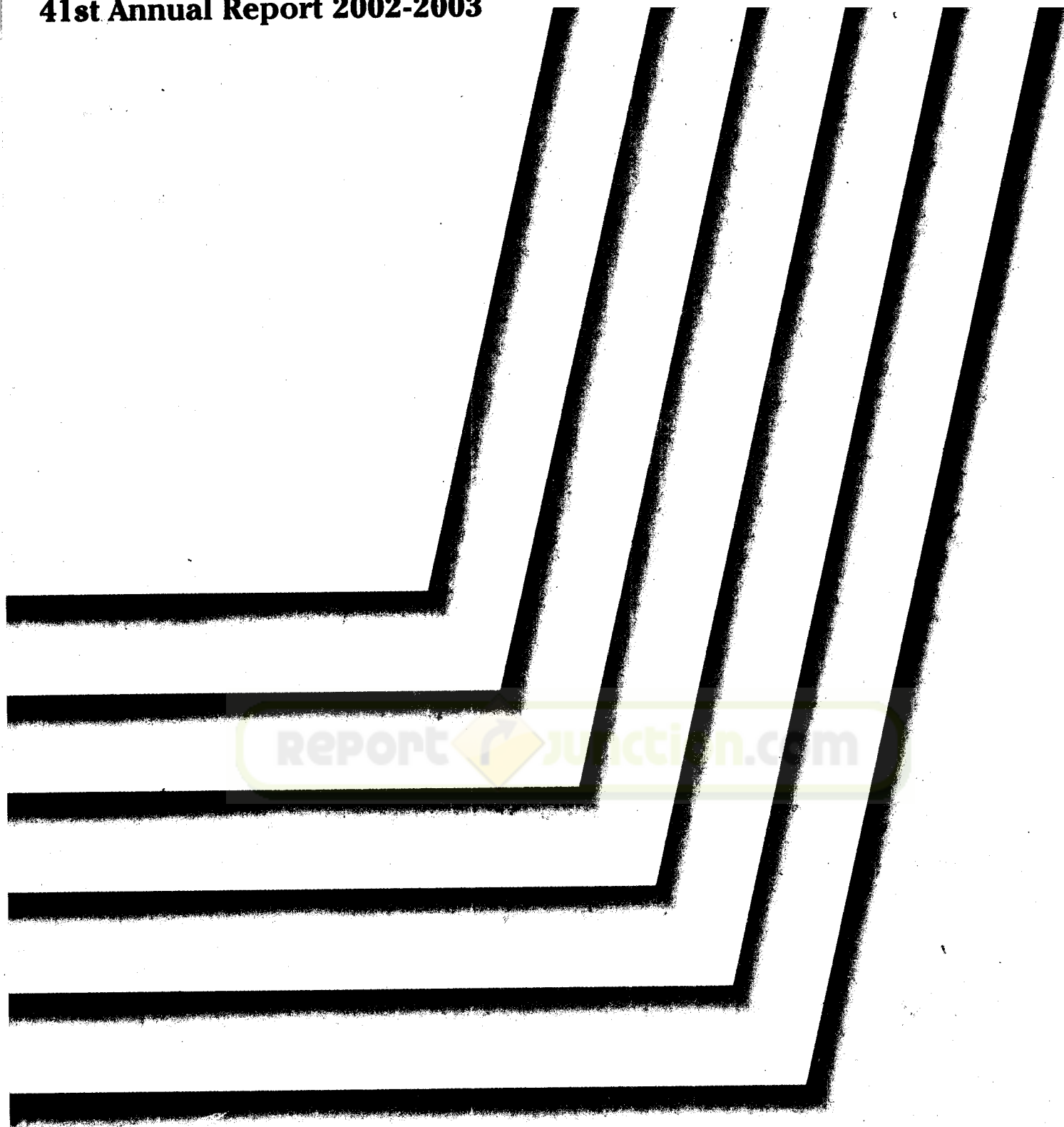


## 41st Annual Report 2002-2003



# **balkrishna industries limited**



**LORD GANESH TEMPLE AT AMBIVLI FACTORY**



## 41ST ANNUAL REPORT 2002-2003

# 41st Annual Report 2002-2003

**BOARD OF DIRECTORS :**

DHARAPRASAD R. PODDAR  
Chairman

DADI S. MULLA

JAIKUMAR JAIN

SUBHASHCHANDRA MANTRI

RAKESH N. GARODIA (W.E.F. 31/05/2003)

ASHOKKUMAR P. MAHANSARIA  
Vice-Chairman & Managing Director

PAWANKUMAR D. PODDAR  
Joint Managing Director

YOGESHKUMAR A. MAHANSARIA  
Executive Director

**COMPANY SECRETARY :**  
VIPUL R. SHAH

**BANKERS :**  
BANK OF BARODA  
CENTRAL BANK OF INDIA  
STATE BANK OF INDIA

**AUDITORS :**  
M/s. JAYANTILAL THAKKAR & CO.  
Chartered Accountants

**COST AUDITORS :**  
M/s. THOLIYA & ASSOCIATES  
Cost Accountants

**INTERNAL AUDITORS :**  
M/s. DILIP A. JAIN & ASSOCIATES  
M/s. K.M. GARG & CO.  
Chartered Accountants

**REGISTERED OFFICE :**

H-3/1 MIDC "A" Road, Tarapur (Boisar),  
Dist. Thane (Maharashtra) Pin Code : 401 506

**SOLICITORS AND LEGAL ADVISORS :**  
M/S KANGA & COMPANY  
Advocates, Solicitors & Notary

**PLANTS :**

**PAPER/PAPER BOARD :** Village: Ambivli,  
& P.O. Mohone,  
**COATING PLANT** Taluka - Kalyan,  
Dist. Thane (Maharashtra)

**TEXTILE :** H-3/1 MIDC "A" Road,  
**PROCESSING PLANT** Tarapur (Boisar),  
(UNIT NOS. 1 & 2) Dist. Thane (Maharashtra)

**TYRE PLANTS :** B-66, MIDC  
Waluj Industrial Area,  
Aurangabad  
(Maharashtra)

SP-923, RIICO, Phase-III,  
P.O. Bhiwadi-301 019,  
Dist. Alwar  
(Rajasthan)

Members are requested to bring their copy of the Annual Report along with them at the Annual General Meeting, as copies of the Report will not be distributed at the Meeting.



# 41ST ANNUAL REPORT 2002-2003

## DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS AND ANALYSIS

Dear Shareholders,

Your Directors are pleased to present the 41st Annual Report and Audited Statement of Accounts for the year ended 31st March, 2003.

### FINANCIAL RESULTS:

	Current Year ended 31.03.03	(Rs. in crores) Previous Year ended 31.03.02
Gross Turnover and Other Income	316.72	224.63
Less: Excise Duty Recovered on Sales	15.13	17.77
Net Turnover and Other Income	301.59	206.86
Gross Profit	40.72	20.71
Less: Depreciation	12.49	10.67
Profit before extraordinary item and taxes	28.23	10.04
Less: Extraordinary item	NIL	(0.49)
Profit before Tax	28.23	9.55
Less: Provision for Taxation		
Current Tax	5.34	0.68
Deferred Tax	1.99	2.98
	7.33	3.66
Profit after Tax	20.90	5.89
Less:		
Adjustments relating to earlier years (Net)	(0.07)	(0.07)
Short Provision of Income Tax for earlier year	NIL	(0.10)
	20.83	5.72
Add:		
Transferred from Debenture Redemption Reserve	NIL	1.34
Surplus brought forward from Previous year	2.00	3.47
	22.83	10.53
<b>SURPLUS AVAILABLE FOR APPROPRIATIONS:</b>		
Transfer to General Reserve	13.66	6.36
Transfer to Capital Profit Reserve	0.26	NIL
Proposed Dividend	3.71	*2.17
(*Subject to deduction of tax)		
Tax on Dividend	0.48	NIL
	18.11	8.53
Balance Carried Forward in Profit and Loss Account	4.72	2.00

### OPERATIONS:

The Gross turnover and other income of your Company for the year ended 31st March, 2003 is higher at Rs. 316.72 Crores as compared to Rs. 224.63 Crores in the previous year, reflecting an increase of 41 %. The gross profit is Rs. 40.72 Crores as compared to Rs. 20.71 Crores in the previous year, and consequently the profit after current and deferred taxes is placed at Rs. 20.90 Crores, as against Rs. 5.89 Crores in the previous year.

Your Company operates in three different business segments, namely Manufacturing of coated/un-coated paper boards, automobiles tyres and processing of textile fabrics.

### PAPER DIVISION:

The Paper and Paper Board plant operates in the "Coated Duplex/Triplex Boards" segment. The end uses of the products of the Company, after the same is printed/converted by independent converters, are highly diversified and some typical applications are in Pharmaceuticals, Toiletries, Cosmetics and Health Care products, Readymade Garments, Instant Food Products, Match Boxes, Agarbatty segments, besides many other packaging requirements. As such, the applications of the Coated Boards are well diversified and ever expanding. This segment of the industry has witnessed a healthy growth over the past decade and is expected to continue to grow annually at a rate exceeding 7%.

The production for the year under review was 43,318 M. Tons as against 37,845 M. Tons in the preceding year. The sales of the division for the year under review was Rs.91.83 Crores (43,683 M. Tons) as against Rs. 77.24 Crores (37,888 M. Tons) in the previous year.

During December 2002, the Company has carried out certain modifications/modernisation in its Paper Plant to achieve debottlenecking, quality improvements, and cost reductions which has resulted into increase in the plant capacity to 54,000 M. Tons.

Your Company has been continuously adopting multi-pronged activities to be a competitive and low cost producer, and ever looks to maximise productivity of the available resources. Major emphasis has been on :-

- Continuous working on cost reductions; with specific emphasis on costs of raw materials and power and fuel.
- Investment in technologies with an intention to debottleneck the plant to become a low cost producer based on higher operating efficiencies.

### TYRE DIVISION:

During the year under review, the production of Automobiles Tyres has increased to 19,213 M. Tons as against 13,346 M. Tons in the previous year, reflecting an increase of 44%. The Gross Sales of the division was higher at Rs. 195.64 Crores as against Rs. 121.68 Crores in the previous year, which includes export and export related income of Rs. 178.17 Crores as against Rs. 87.96 Crores in the previous year.

Your Company continues to pay special emphasis on exports of its products. The Company manufactures a wide range of tyres for diversified applications and its products are well accepted in the international markets. The Company does not foresee any difficulties in marketing its increasing production in the export markets in the coming times. The Company continues to enhance its product line, to cover an ever widening range.

### ACQUISITION-CUM-EXPANSION OF TYRE PLANT AT BHIWADI:

During the year, the Company acquired the Auto Tyre Plant of M/s Govind Rubber Ltd. at Bhiwadi, which it has been previously operating on a conducting agreement (lease) basis.

The Company has simultaneously proceeded to expand the capacity of this plant from 5,400 tpa to 21,000 tpa. The total project outlay including the cost of acquisition, stamp duties, additional investments & working capital margin is estimated at Rs.60.00 Crores, out of



which the Company proposes to raise Rs. 30.00 Crores by way of Rupee/Foreign Currency Term loans and the balance Rs. 30.00 Crores is proposed to be met from the internal accruals of the Company.

The expansion is expected to be completed by December, 2003.

#### TEXTILE PROCESSING DIVISION:

During the year under review, the Division earned Rs. 25.03 Crores (203.77 lakhs meters) towards processing charges as compared to Rs. 23.85 Crores (171.66 lacs meters) in the previous year.

The textile industry has been undergoing a slump, and the capacity of this Division continues to be under-utilised. Your Company has undertaken various measures to increase the capacity utilisation of the plant in the year 2003-04.

#### OUTLOOK FOR THE CURRENT YEAR 2003-04:

Consequent to increase in the capacities at the Paper Plant at Ambivali and Tyre Plant at Bhiwadi, the Company foresees all round improvements in the overall performance during the current year 2003-04, barring unforeseen circumstances. However, it may be noted that the Company's businesses are subject to high volatility in raw material prices as well as foreign exchange fluctuations.

#### DIVIDEND:

Your Directors are pleased to recommend a Dividend of Rs. 6.00 per Share for the year, which will absorb Rs. 4.19 Crores including tax on dividend, out of the surplus available for appropriation.

#### DIRECTORS:

Shri Rakesh N. Garodia has been inducted as an additional Director of the Company w.e.f. 31st May, 2003 and holds office till the date of the ensuing Annual General Meeting.

The Company has received notices from some of the members proposing the name of Shri Rakesh N. Garodia as a Director of the Company.

Shri J.K. Jain and Shri S.C. Mantri retire by rotation and being eligible, offer themselves for re-appointment.

Necessary resolutions for their re-appointment are placed before the shareholders. Your Directors commend the resolutions.

#### CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditor's Certificate regarding Compliance of the same are made a part of this Annual Report.

#### FIXED DEPOSITS:

There were no unclaimed deposits as on 31st March, 2003.

#### INDUSTRIAL RELATIONS:

The relation with staff and workmen during the year under review continues to be cordial.

#### PARTICULARS OF EMPLOYEES:

Particulars of remuneration paid to the employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are given in the Annexure-I attached hereto and form part of the Report.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) rules, 1988, is given in the Annexure-II

to the report.

#### RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended 31st March 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 profit or loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the accounts for the financial year ended 31st March 2003 on a "going concern" basis.

#### AUDITORS:

The members are requested to appoint Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

The notes to the Accounts bearing number 1 and paras in italics in the Auditor's Report are self explanatory and therefore do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

#### CAUTIONARY STATEMENTS:

Certain statements in the Management Discussion and Analysis describing the Company's views about the Industry, expectations/predictions, objectives etc., may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the Statement. Company's operations may inter-alia affect with the supply and demand stipulations, input prices and their availability, changes in Government regulations, taxes, exchange fluctuations and other factors such as Industrial relations and economic developments etc. Investors should bear the above in mind.

#### APPRECIATION:

Your Company is grateful for the continued co-operation and assistance extended to it by the Financial Institutions and Banks in meeting the financial requirements of the Company.

Your Directors also wish to place on record their warm appreciation for the services rendered by the employees and dealers of the Company.

For and on behalf of the Board of Directors

Mumbai,  
Dated: 28th June, 2003

**DHARAPRASAD PODDAR**  
Chairman



# 41ST ANNUAL REPORT 2002-2003

## ANNEXURE-I

Statement containing information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2003.

Sr. No.	Name	Age	Designation & nature of duties	Gross Remuneration (In Rs.)	Net Remuneration (In Rs.)	Qualification & Experience (Years)	Date of Commencement of Employment	Last Employment held, designation & period
<b>A. Employed throughout the financial year and were in receipt of remuneration in the aggregate of not less than Rs.24,00,000/-</b>								
1.	Mr. Ashokkumar P. Mahansaria	51	Managing Director	69,12,614	57,58,864	Inter Science (32)	01-04-1980	Shree Sitaram Dyg. & Ptg. Mills Pvt. Ltd.
2.	Mr. Pawankumar D. Poddar	50	Joint Managing Director	53,84,328	43,40,178	B.Com. (28)	23-06-2001	Siyaram Silk Mills Ltd. Executive Director(20years)
3.	Mr. Yogeshkumar A. Mahansaria	28	Executive Director	53,03,759	43,35,939	B.Com. (9)	01-04-1994	—
<b>B. Employed for a part of the financial year and were in receipt of remuneration for any part of the year at the rate which (in aggregate) was not less than Rs. 2,00,000/- per month</b>								
NIL								

- NOTES:**
1. Appointment of Managing Director, Joint Managing Director and Executive Director are for a period of five years. All other appointments are non-contractual and terminable by notice on either side.
  2. Mr. Ashokkumar P. Mahansaria, and Mr. Yogeshkumar A. Mahansaria, are relative of each other being father and son. Mr. Pawankumar D. Poddar, and Mr. Dharaprasad R. Poddar, are relative of each other being father and son.
  3. Gross Remuneration includes Salary, Commission, Leave Travel Allowance, Medical Reimbursement, House Rent Allowance and Contribution to Provident Fund, Superannuation Fund, Gratuity Fund, Gratuity/Provision for Gratuity, Personal Accident Insurance and Bonus/Exgratia wherever applicable.

Mumbai,  
Dated: 28th June, 2003

For and on behalf of the Board of Directors

**DHARAPRASAD PODDAR**  
Chairman

## ANNEXURE - II

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2003.

### A. CONSERVATION OF ENERGY:

#### (a) Energy conservation measures taken by the Company:

##### (i) Electrical Energy:

Energy Audit by outside Consultants have been carried out in the earlier years at all the Plants of the Company and necessary follow-up actions are being continuously carried out. Besides, regular monitoring of the overall energy consumption is also carried out periodically during the year, and losses, if any, are identified and suitable improvements carried out.

##### (ii) Coal/Fuel Oil Consumption:

The Company is carrying out regular maintenance of steam lines/steam traps and user equipments to ensure high efficiency levels throughout the year, and new improvements are reviewed regularly and implemented wherever found suitable.

#### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The Company is reviewing various proposals for reduction in consumption of energy, mainly by way of replacement of existing equipments by modern and energy efficient equipments.

#### (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The various energy conservation measures detailed above adopted by the Company have resulted in savings in energy consumption as per information given in Form 'A'.

#### (d) Total energy consumption and energy consumption per unit of production as per Form 'A' hereunder:

## FORM 'A'

## I. Power and fuel consumption:

	Current Year	Previous Year
1. Electricity		
(a) Purchased		
Units (KWH)	3,73,63,383	3,60,75,886
Total Amount (Rs. in lacs)	1,383.91	1,412.75
Rate/unit (Rs.)	3.69	3.92
(b) Own generation		
(i) Through Diesel Generators *		
Units (KWH)	88,21,774	8,18,557
Units per litre of Diesel Oil / L.D.O.	3.08	2.71
Cost/unit (Rs.)	4.34	5.61
(ii) Through steam turbine/generator	NIL	NIL
* Includes consumption of diesel oil for regular weekly trials of Diesel Generating Set.		
2. Coal (specify quality and where used)		
The Company uses steam coal grade B/C in its Boilers		
Quantity (Tons)	20,241	12,633
Total Amount (Rs. in lacs)	477.22	291.00
Average rate (Rs.)	2,358	2,303
3. Furnace Oil/L.D.O.		
Quantity (K. Ltrs.)	8,325	8,501
Total Amount (Rs. in lacs)	995.52	324.45
Average rate (Rs.) (Net of Modvat, wherever applicable)	11,958	9,698
4. Rice /Mustard Husk		
Quantity (Tons)	7,401	621
Total Amount (Rs. in lacs)	152.76	10.85
Average rate (Rs.)	2,064	1,747

## II. Consumption per unit of production \*

	Current year				Previous year			
	Electricity (KWH)	Coal (Kgs)	Furnace Oil (Ltr)	Rice /Mustard Husk (Kgs)	Electricity (KWH)	Coal (Kgs)	Furnace Oil (Ltr)	Rice /Mustard Husk (Kgs)
(a) Paper/Paper Board (MT)	453	253	31	NIL	496	322	28	NIL
(b) Automobile Tyres (MT)	1016	NIL	311	379	898	NIL	281	0.05
(c) Cloth Processing (000' Mtrs.)	346	455	49	NIL	357	26	230	NIL

\* Note: The Company manufactures a wide range of products and the consumption of energy will vary significantly depending upon the actual product-mix for the period.

## B. TECHNOLOGY ABSORPTION:

(a) Efforts made in technology absorption as per Form 'B':

## FORM 'B'

## I. Research and development (R &amp; D):

- Specific areas in which R & D carried out by the Company:  
Product and quality improvement, development of new designs/products, cost control and energy conservation.
- Benefits derived as a result of the above R & D:  
The R & D activities have resulted in conserving of scarce raw materials, higher productivity and containing the costs all around.
- Future plan of action:  
Water and energy conservation, development of new designs of tyres, further improvement in process technology and product mix.
- Expenditure on R & D (Rs. in lacs):
  - Capital : NIL
  - Recurring : 33.84
  - Total : 33.84



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### II. Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company has been developing in-house modification/improvements in Process Technology in its various manufacturing sections - which, when found suitable, are integrated into the regular manufacturing operation.

2. Benefits - which, when found suitable, are integrated into the regular manufacturing operation:

(a) Quality improvement.

(b) Energy conservation.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

NIL

### C. Foreign exchange earnings and outgo:

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans;

(i) The Company has begun exports of "Coated Boards" in the current year 2003-04.

(ii) The export of Tyres, Tubes and Flaps during the year amounted to Rs.15,826 lacs as against Rs.8,332 lacs during the previous year. The products of the Company are well established in the international market and the Company expects to further improve its performance in the export segment.

(iii) At the Textile Processing Plant, the Company only undertakes processing of cloth on job basis for other parties.

- (b) Total foreign exchange used and earned (Rs. in lacs)

Used: Rs. 6348    Earned : Rs. 15870

For and on behalf of the Board of Directors

Mumbai,

Dated: 28th June, 2003

**DHARAPRASAD PODDAR**  
Chairman

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**CORPORATE GOVERNANCE REPORT**

The detailed report on Corporate Governance as per the format prescribed by the Securities and Exchange Board of India and incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges is set out below:

Balkrishna Industries Limited believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholders' value. Models of the Corporate Governance code are many and different environments will need specific solutions to meet the demands of legal compliances and regulations. However, there is a universal principle, which percolates through the elements of governance, this calls for the affairs of the Company to be regulated in the manner that is transparent, ethical and accountable. In this pursuit, your Company is committed to transparency in all its dealing with its shareholders and others and to provide high quality products and services to its customers and places uncompromising emphasis on integrity and regulatory compliances. The basic philosophy of your Company has been to achieve business excellence, to enhance shareholders value, keeping in view the needs and the interest of shareholders.

**BOARD OF DIRECTORS**

The Board of Directors of the Company comprised of:

- Non Executive & Non-Independent Director
- Non Executive & Independent Directors
- Whole Time Directors (Managing Director, Joint Managing Director and Executive Director)

Name of the Directors	Category of Directors	Board meetings attended during the year	Whether attended last Annual General Meeting	Number of Directorships in other public companies		Number of committee positions held in other public companies	
				Chairman	Member	Chairman	Member
Shri Dharaprasad R. Poddar	Non Executive & Non-Independent Director	4	Yes	1	2	-	-
Shri Dadi S Mulla	Non Executive & Independent Director	4	No	-	7	5	4
Shri JaiKumar Jain	Non Executive & Independent Director	4	No	-	3	-	-
Shri Subhash Chandra Mantri	Non Executive & Independent Director	4	Yes	-	-	-	-
Shri Ashokkumar P. Mahansaria	Managing Director	4	Yes	-	3	-	1
Shri Pawankumar D. Poddar	Joint Managing Director	4	Yes	-	1	-	1
Shri Yogeshkumar A. Mahansaria	Executive Director	4	Yes	-	1	-	-

**Number of Board Meetings held and the dates on which held:**

During the year the Company has held 4 Board Meetings. The meetings were held on 28th June 2002, 31st July 2002, 31st October 2002 and 30th January 2003.

**Information supplied to the Board:**

Among others include;

- Review of annual operation plans of business, capital budgets updates.
- Quarterly results of the company and its operating divisions/business segments.
- Minutes of meeting of the audit committee and other committees.
- Information on recruitments and remuneration of senior officers below the Board level.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences.
- Any materially significant effluent or pollution problems.
- Any materially relevant default in financial obligations to and by the company or substantial non-payment for goods sold by the company.
- Any issue which involves possible public or product liability claims of a substantial nature.
- Significant labour problems and their proposed solutions.
- Significant development on the human resources and industrial relation fronts.



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- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movements.
- Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholders services such as non-payment of dividend and delay in share transfer.

The Board is routinely presented with all the information under the above heads whenever applicable and materially significant. These are submitted either as a part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings.

#### #Remuneration to Directors:

Remuneration to Whole Time Directors is fixed by the Board of Directors on the recommendation of Remuneration Committee and thereafter it is approved by the shareholders at a General Meeting.

Name of the Director	Salary	Benefits	Commission	Meeting Fees	Total	Rupees
						Service Contract
Shri Dharaprasad R. Poddar	NIL	NIL	NIL	11,700	11,700	*
Shri Dadi S. Mulla	NIL	NIL	NIL	7,000	7,000	*
Shri Jai Kumar Jain	NIL	NIL	NIL	7,000	7,000	*
Shri SubhasChandra Mantri	NIL	NIL	NIL	7,000	7,000	*
Shri Ashokkumar P. Mahansaria	18,40,000	32,32,614	18,40,000	-	69,12,614	01.04.2000 to 31.03.2005 01.11.2002** to 31.10.2007
Shri Pawankumar D. Poddar	17,55,000	18,74,328	17,55,000	-	53,84,328	01.04.2000 to 31.03.2005 01.11.2002** to 31.10.2007
Shri Yogeshkumar A. Mahansaria	15,75,000	21,53,759	15,75,000	-	53,03,759	01.04.2000 to 31.03.2005 01.11.2002** to 31.10.2007

# Stock options not applicable

\* Retirement by Rotation

\*\* Revised with effect from 01.11.2002

#### Audit Committee

The Audit Committee comprises of three independent non-executive directors viz. Shri S.C. Mantri (Chairman), Shri J.K. Jain and Shri D.S. Mulla. All the members have the financial and accounting knowledge and the Chairman, Shri S.C. Mantri, is a Chartered Accountant. The Company Secretary Shri Vipul R. Shah acts as the Secretary of the Committee.

The broad terms of reference of Audit Committee were: To review reports of the Internal Auditors and discuss the same with the Internal Auditors periodically, to meet the Statutory Auditors to discuss their findings, suggestions and other related matters, to review weaknesses, if any, in internal controls reported by the Internal and Statutory Auditors.

The scope of the activities of the Audit Committee includes the areas prescribed by Clause 49 II (D) and has been granted powers as prescribed under Clause 49 II (C), of the Listing Agreement.

The Audit Committee met thrice during the year on 28th June, 2002, 31st October, 2002 and 30th January, 2003, where all the members of the committee were present.

The Chairman of the Audit committee was present at the last Annual General Meeting held on 14th September 2002.

#### Remuneration Committee

The terms of reference of the Remuneration Committee, inter alia consists of reviewing remuneration policy and other employment conditions of Whole Time Directors.

#### Remuneration Policy

Subject to the approval of the Board and of the Company in General Meeting and such other approval as may be necessary, the Whole Time Directors are paid remuneration as per their terms of appointments and the remuneration structure comprises of salary, allowances, commissions, perquisites and retirement benefits.

The Remuneration committee consists of Shri S. C. Mantri (Chairman) and Shri J. K. Jain, and its meeting was held on 31st October, 2002,