

42nd Annual Report 2003-2004

Report  junction.com

balkrishna industries limited



LORD GANESH TEMPLE AT AMBIVLI FACTORY



42nd ANNUAL REPORT 2003-2004

42nd Annual Report 2003-2004

BOARD OF DIRECTORS :

DHARAPRASAD R. PODDAR
Chairman

DADI S. MULLA

SUBHASHCHANDRA MANTRI

RAKESH N. GARODIA

KHURSHED M DOONGAJI (w.e.f. 30.10.2003)

SACHIN NATH B. CHATURVEDI (w.e.f. 31.01.2004)

ARVIND M. PODDAR (w.e.f. 31.01.2004)

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
ING VYSYA BANK
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) - 401 506
Dist. Thane (Maharashtra)

SOLICITORS AND LEGAL ADVISORS :
M/s. KANGA & COMPANY
Advocates, Solicitors & Notary

PLANTS :

PAPER/PAPER BOARD & COATING PLANT : Village: Ambivli,
P.O. Mohone - 421 102
Taluka - Kalyan,
Dist. Thane (Maharashtra)

TEXTILE PROCESSING PLANT (UNIT NOS. 1 & 2) : H-3/1 MIDC "A" Road,
Tarapur (Boisar) - 401 506
Dist. Thane (Maharashtra)

TYRE PLANTS : B-66, MIDC
Waluj Industrial Area,
Aurangabad - 431 136
(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.



42nd ANNUAL REPORT 2003-2004

DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS AND ANALYSIS

Dear Shareholders,

Your Directors are pleased to present the 42nd Annual Report and Audited Statement of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS:

	(Rs. in crores)	
	Current Year ended 31.03.04	Previous Year ended 31.03.03
Gross Turnover and Other Income	384.60	316.72
Less: Excise Duty Recovered on Sales	15.62	15.13
Net Turnover and Other Income	368.98	301.59
Gross Profit	62.64	40.72
Less: Depreciation	17.40	12.49
Profit before Tax	45.24	28.23
Less: Provision for Taxation		
Current Tax	8.30	5.34
Deferred Tax	5.44	1.99
	13.74	7.33
Profit after Tax	31.50	20.90
Add/(Less):		
Adjustments relating to earlier years		
Excess/(Short) Provision for Expenses/Income (Net)	0.12	(0.07)
Excess/(Short) Provision for Taxation		
Current	1.14	NIL
Deferred	(2.52)	NIL
	(1.26)	(0.07)
	30.24	20.83
Add:		
Surplus brought forward from previous year	4.72	2.00
	34.96	22.83
SURPLUS AVAILABLE FOR APPROPRIATIONS:		
Transfer to General Reserve	20.00	13.66
Transfer to Capital Profit Reserve	0.92	0.26
Interim Dividend	4.33	NIL
Proposed Final Dividend	2.48	3.71
Tax on Dividends	0.87	0.48
	28.60	18.11
Balance Carried Forward in Profit and Loss Account	6.36	4.72

OPERATIONS:

The Gross turnover and other income of your Company for the year ended 31st March, 2004 is higher at Rs. 384.60 Crores as compared to Rs. 316.72 Crores in the previous year, reflecting an increase of 21%. The gross profit is Rs. 62.64 Crores as compared to Rs. 40.72 Crores in the previous year, and consequently the Profit after current and deferred taxes is placed at Rs. 31.50 Crores, as against Rs. 20.90 Crores in the previous year.

Your Company operates in three different business segments, namely manufacturing of coated/un-coated paperboards, 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 49,959 M. Tons as against 43,318 M. Tons in the preceeding year. The Sales and related income of the division for the year under review is Rs. 108.96 Crores (49,506 M. Tons) as against Rs. 91.83 Crores (43,683 M. Tons) in the previous year.

During the year under review, the Paper Division commenced exports (besides Nepal) which stood at Rs. 2.56 Crores. The Company expects to enhance its exports considerably during the current year.

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,

and

Investment in technologies with an intention to debottleneck the plant to become a low cost producer based on higher operating efficiencies.

The Company proposes to install a 1.25 MW Co-generation system at the Paper Plant to partly meet its power requirements, at an estimated capital outlay of Rs. 4.00 Crores.

TYRE DIVISION:

During the year under review, the production of Automobiles Tyres increased to 22,073 M. Tons as against 19,213 M. Tons in the previous year, reflecting an increase of 14%. The Sales and related income of the division was higher at Rs. 247.50 Crores as against Rs. 195.64 Crores in the previous year, out of which the exports and export related income stood at Rs. 239.76 Crores as against Rs. 181.27 Crores in the previous year.

Your Company continues to pay special emphasis on export 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 years. The Company continues to enhance its product lines to cover an ever-widening range.

During the year, the Division's working benefited on account of a strong "Euro", and also on account of additional DFEC to the extent of Rs. 6.09 Crores on incremental exports for the year, as per the EXIM Policy for 2003-04.

The workmen at the Aurangabad Tyre plant went on a strike w.e.f. 24th January 2004, due to break-down in negotiations for a long term wage settlement.

Following a mutually acceptable settlement linked to production increase, the strike was withdrawn by the workmen w.e.f. 2nd May 2004, and production commenced from mid May '04. However, the normal level of production is expected to be reached only by mid June '04.

EXPANSION AT TYRE DIVISION:

The Company has completed the first phase of expansion at the Bhiwadi Plant to 21,000 tpa as per the original schedule, by December 2003. The Company has subsequently undertaken the Second Phase of capacity expansion at Bhiwadi. This phase comprises of: (i) Capacity increase to 42,000 tpa, scheduled to be completed by March '05, (ii) Setting up of a 3 MW Furnace Oil Fired D.G. Set, for completion by August '04; and also (iii) Setting a new Plant for Rubber Mixing facilities and Warehousing at a location 7kms from the existing Plant. The Company has already initiated steps to acquire the land for the new project, which is likely to be operational by mid 2005.

The total capital outlay on its Second Phase is estimated at Rs. 80.00 Crores; which is to be met from the internal accruals of the Company and Rupee/ Foreign Currency Term Loans.

WIND FARM FOR POWER GENERATION:

As a further cost reduction measure, the Company is studying the feasibility of setting up a 4 MW Wind-farm at a suitable location in Rajasthan to partly meet its own requirements. The project outlay is estimated at Rs.20.00 Crores, and the funding is proposed through internal accruals and Rupee/Foreign Currency Term Loans.

TEXTILE PROCESSING DIVISION:

During the year under review, the Division earned Rs. 24.37 Crores (204.89 lacs meters) towards processing charges as compared to Rs. 25.03 Crores (203.77 lacs meters) in the previous year.

The textile industry has been undergoing a slump and the capacity of this Division remains under-utilised. The performance is below projections. Your Company has undertaken various measures to increase the capacity utilisation of the plant and has initiated all round steps to improve the working of this Division.

BONUS SHARES:

In its meeting held on 30th October 2003, the Board recommended issue of Bonus Shares in the ratio of 1:1. Subsequent to the approval by the Shareholders in its Extra Ordinary General Meeting, the Company allotted 61,90,240 Bonus Shares on 21st January 2004.

Pursuant to the initial listing by the Stock Exchange, Mumbai, the Company dispatched the Share Certificates to the Shareholders holding the shares in the Physical form; and the Demat Shareholders have been credited with the Bonus Shares. The Bonus Shares have been subsequently finally listed with the Stock Exchange, Mumbai and the Stock Exchange, Ahmedabad.

OUTLOOK FOR THE CURRENT YEAR 2004-05:

The Coated Paperboard business is highly competitive and is likely to continue to be under pressure due to over capacity in this industry segment.

The Company expects to maintain the past growth achieved in its Tyre business. The Company is in the continuous process of developing and widening its product range as well expanding its markets, and the fullest benefit of the increased capacities and product-mix is expected to be reflected in the coming years.

The performance of the Textile Processing Division business is expected to improve during the year 2004-05.

DIVIDEND:

Your Directors have declared Interim Dividend of 35% (post Bonus) for the year, in its Board Meeting held on 31st January 2004.

Your Directors are now pleased to recommend a final Dividend of 20% for the year, taking the total Dividend to 55% (post Bonus) with a total payout of Rs. 7.68 Crores, including Tax on Dividend.

DIRECTORS:

Shri J. K. Jain, Director, has resigned from the Board of Directors of the Company w.e.f. 30th October 2003. Your Directors record their deep appreciation for the valuable guidance received from Shri J. K. Jain during the course of his association with the Company.

Shri Khurshed M Doongaji has been inducted as an additional Director of the Company w.e.f. 30th October 2003, Shri Arvind M. Poddar and Shri Sachin Nath B. Chaturvedi have been inducted as additional Directors of the Company w.e.f. 31st January 2004 and hold office till the date of the ensuing Annual General Meeting.

The Company has received notices from some of the members proposing the names of Shri Khurshed M Doongaji, Shri Arvind M. Poddar and Shri Sachin Nath B. Chaturvedi as Directors of the Company.

Shri Dharaprasad R. Poddar and Shri D. S. Mulla 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 2004.

INDUSTRIAL RELATIONS:

The workmen at the Waluj (Aurangabad) tyre plant have gone on Strike w.e.f. 24th January 2004. The strike has been withdrawn w.e.f. 2nd May 2004. Apart from above, the industrial relations 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:



42nd ANNUAL REPORT 2003-2004

(i) In the preparation of the accounts for the financial year ended 31st March 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) The Directors have selected such accounting policies and applied them consistently and made judgements 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 of the Company for the year under review;

(iii) 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) The Directors have prepared the accounts for the financial year ended 31st March 2004 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 16 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: 31st May, 2004

DHARAPRASAD PODDAR
Chairman

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, 2004.

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
A. Employed throughout the financial year and were in receipt of remuneration in the aggregate of not less than Rs.24,00,000/-								
1.	Mr. Ashokkumar P. Mahansaria	52	Managing Director	73,69,527	55,22,440	Inter Science (33)	01-04-1980	Shree Sitaram Dyg. & Ptg. Mills Pvt. Ltd.
2.	Mr. Pawankumar D. Poddar	51	Joint Managing Director	69,35,312	51,44,591	B.Com. (29)	23-06-2001	Siyaram Silk Mills Ltd. Executive Director(20years)
3.	Mr. Yogeshkumar A. Mahansaria	29	Executive Director	64,15,746	48,14,509	B.Com. (10)	01-04-1994	—
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								
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 relatives of each other being father and son. Mr. Dharaprasad R. Poddar, Chairman and Mr. Pawankumar D. Poddar, are relatives 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/Ex-gratia, wherever applicable.

For and on behalf of the Board of Directors

Mumbai,
Dated: 31st May, 2004

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, 2004.

A. CONSERVATION OF ENERGY:**(a) Energy Conservation measures taken by the Company:****(i) Electrical Energy:**

Energy Audit by outside Consultants has been carried out in the earlier years at the various Plants of the Company and also in-house audits/surveys are conducted periodically. 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)	3,71,97,294	3,73,63,383
Total amount (Rs. in lacs)	1396.71	1,383.91
Rate/unit (Rs.)	3.69	3.69
(b) Own generation		
(i) Through Diesel Generators*		
Units (KWH)	1,51,38,888	88,21,774
Units per liter of Diesel Oil/L.D.O.	3.46	3.08
Cost/unit (Rs.)	4.61	4.34
(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)	24,053	20,241
Total Amount (Rs. in lacs)	621.97	477.22
Average rate (Rs.)	2,586	2,358
3 Furnace Oil/L.D.O./S.K.O.		
Quantity (K.Ltrs)	5,198	8,325
Total Amount (Rs. in lacs)	559.09	995.52
Average rate (Rs.)(Net of Modvat, Wherever applicable)	10,756	11,958
4 Rice Husk /Mustard Husk		
Quantity (Tons)	13,781	7,401
Total Amount (Rs. in lacs)	267.73	152.76
Average rate (Rs.)	1,943	2,064



42nd ANNUAL REPORT 2003-2004

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)	457	268	35	NIL	453	253	31	NIL
(b)	Automobile Tyres (MT)	971	NIL	126	624	1016	NIL	177	379
(c)	Cloth Processing (000' Mtrs.)	412	520	34	NIL	346	455	49	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 & 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):

(a) Capital	: NIL
(b) Recurring	: 23.18
(c) Total	: 23.18

II. Technology absorption, adaptation and innovation:

- 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.
- Benefits - which, when found suitable, are integrated into the regular manufacturing operation:
 - Quality improvement.
 - Energy conservation.
- 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:

- Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans;
 - The Export of Paper & Paper Board during the year amounted to Rs.221 lacs.
 - The export of Tyres, Tubes and Flaps during the year amounted to Rs.20,530 lacs as against Rs.15,686 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.
 - At the Textile Processing Plant, the Company undertakes only processing of cloth on job basis for other parties.
- Total foreign exchange used and earned (Rs. in lacs)
Used: Rs. 7,685 Earned : Rs. 20,778

For and on behalf of the Board of Directors

Mumbai,
Dated: 31st May, 2004

DHARAPRASAD FODDAR
Chairman

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 permeates through the elements of governance, this calls for the affairs of the Company to be regulated in a 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 the 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	5	Yes	1	2	-	-
Shri Dadi S. Mulla	Non Executive & Independent Director	4	No	-	7	3	6
Shri Jaikumar Jain (till 30.10.2003)	Non Executive & Independent Director	3	No	N.A.	N.A.	N.A.	N.A.
Shri Subhash Chandra Mantri	Non Executive & Independent Director	5	Yes	-	-	-	-
Shri Rakesh N. Garodia (w.e.f. 31.05.2003)	Non Executive & Independent Director	4	No	-	3	-	-
Shri Khurshed M Doongaji (w.e.f. 30.10.2003)	Non Executive & Independent Director	2	N.A.	-	1	-	-
Shri Sachin Nath B. Chaturvedi (w.e.f. 31.01.2004)	Non Executive & Independent Director	1	N.A.	-	6	2	-
Shri Arvind M. Poddar (w.e.f. 31.01.2004)	Non Executive & Non Independent Director	1	N.A.	-	3	-	1
Shri Ashokkumar P. Mahansaria	Managing Director	5	Yes	-	3	-	1
Shri Pawankumar D. Poddar	Joint Managing Director	5	No	-	1	-	1
Shri Yogeshkumar A. Mahansaria	Executive Director	5	Yes	-	2	-	-

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

During the year the Company has held 5 Board Meetings. The meetings were held on 31st May 2003, 28th June 2003, 31st July 2003, 30th October 2003 and 31st January 2004.



42nd ANNUAL REPORT 2003-2004

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.
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movements.
- Non-compliance, if 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:

The Board of Directors on the recommendation of the Remuneration Committee, fixes remuneration to Whole Time Directors and thereafter approved by the shareholders at a General Meeting.

The Board of Directors takes all decisions regarding the remuneration of non-executive Directors.

The details of the remuneration of Directors are given below:

Name of the Director	Salary	Benefits	Commission	Meeting Fees	Total	Rupees
						Service Contract
Shri Dharaprasad R. Poddar	NIL	NIL	NIL	33,400	33,400	*
Shri Dadi S. Mulla	NIL	NIL	NIL	30,000	30,000	*
Shri Jai Kumar Jain	NIL	NIL	NIL	20,000	20,000	*
Shri Subhash Chandra Mantri	NIL	NIL	NIL	40,000	40,000	*
Shri Rakesh N. Garodia	NIL	NIL	NIL	35,000	35,000	*
Shri Khurshed M Doongaji	NIL	NIL	NIL	10,000	10,000	*
Shri Sachinnath B. Chaturvedi	NIL	NIL	NIL	5,000	5,000	*
Shri Arvind M. Poddar	NIL	NIL	NIL	5,000	5,000	*
Shri Ashokkumar P. Mahansaria	24,00,000	25,69,527	24,00,000	-	73,69,527	01.11.2002 to 31.10.2007
Shri Pawankumar D. Poddar	22,80,000	23,75,313	22,80,000	-	69,35,313	01.11.2002 to 31.10.2007
Shri Yogeshkumar A. Mahansaria	21,00,000	22,15,746	21,00,000	-	64,15,746	01.11.2002 to 31.10.2007

* Retirement by Rotation

The Company does not have Stock Option Scheme.

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. Shri Rakesh Garodia has been appointed as member of the Audit Committee w.e.f. 31st May 2003. Shri J. K. Jain resigned from the Committee w.e.f. 30th October 2003.

All the members have 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.