

BORAX MORARJI LIMITED



FORTIETH ANNUAL REPORT

2003-2004

BORAX MORARJI LIMITED

| | |
|---|---|
| DIRECTORS | R. M. GOCULDAS, Chairman Y. C. AMIN L. N. GOCULDAS D. S. PAREKH (Alternate to L. N. Goculdas) S. K. DIWANJI B. L. GOCULDAS H. T. KAPADIA, Managing Director |
| COMPANY SECRETARY | M. E. MONSERRATE |
| AUDITORS | K. S. AIYAR & CO. |
| BANKERS | STATE BANK OF INDIA DENA BANK INDIAN OVERSEAS BANK |
| SOLICITORS | CRAWFORD BAYLEY & CO. |
| REGISTERED OFFICE | Prospect Chambers, 317/21, Dr. D. N. Road, Mumbai 400 001 |
| REGISTRARS & TRANSFER AGENTS | M/s. MCS Ltd. Venkatesh Bhavan, Plot No. 27, Road No. 11, MIDC Area, Andheri (E), Mumbai 400 093 |
| WORKS (AS ON 28-7-2004) | CHEMICAL DIVISION Mahatma Gandhi Road Ambarnath 421 501 Dist. Thane Maharashtra TIMBER DIVISION Nedumangad Road Shenbagaraman Puthur 629 304 Dist. Kanyakumari Tamil Nadu WIND MILL FARM Thoseghar/Maloshi/Vankusawade Dist. Satara Maharashtra |

BORAX MORARJI LIMITED**Notice**

Notice is hereby given that the FORTIETH ANNUAL GENERAL MEETING of BORAX MORARJI LIMITED will be held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), IMC Marg, Mumbai 400 020 on Wednesday, the 15th 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 31st March, 2004 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To ratify the payment of interim dividend on Preference Shares.
3. To appoint a Director in the place of Shri Y.C. Amin, who retires by rotation under Article 131 of the Articles of Association and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri S.K. Diwanji, who retires by rotation under Article 131 of the Articles of Association and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:-
 "RESOLVED THAT, the re-appointment of Shri Haridas T. Kapadia as the Managing Director of the Company, subject to Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, for a period of one year with effect from 1st April, 2004 made by the Board of Directors of the Company (hereinafter referred to as "the Board") vide its Resolution passed at its Meeting held on 16th March, 2004 and the remuneration payable to Shri Haridas T. Kapadia pursuant to the aforesaid Resolution as set out in the Explanatory Statement to this Notice be and is hereby approved."
 "RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper."

NOTES:

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) An Explanatory Statement under Sec. 173 (2) of the Companies Act, 1956 in respect of the Special Business under item 6 is hereto annexed.
- (3) The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, 1st September, 2004 to Wednesday, 15th September, 2004 (both days inclusive).
- (4) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the Meeting.
- (5) Members/Proxies should bring Attendance Slip duly completed for attending the Meeting.
- (6) Queries on accounts and operations of the Company, if any, may please be sent to the Company at least seven days in advance of the Meeting so that the answers may be made readily available at the Meeting.
- (7) Members may please note that as per the Companies (Amendment) Act, 1999, dividend which remain unpaid/unclaimed for a period of 7 years have to be transferred by the Company to Investor Education and Protection Fund constituted by the Central Government under 205C of the Companies Act, 1956 and no payments shall be made in respect of such claims by the Fund.
- (8) Shareholders who have not encashed the Dividend Warrant(s) for the financial years 1997-98 to 2001-02 are requested to write to the Registered Office of the Company without any delay. It may be noted that the unclaimed dividend for the financial year ended 31-3-1997 is due for transfer to the Investor Education and Protection Fund during August, 2004.
- (9) Appointment/re-appointment of Directors at the ensuing Annual General Meeting — As required by Clause 49 of the Listing Agreement with the Mumbai Stock Exchange, the necessary information is furnished under heading 4 of "Report on Corporate Governance" in the Directors' Report.

Mumbai, 28th July, 2004

By Order of the Board of Directors

MARIA E. MONSERRATE
Company Secretary

Registered Office:
Prospect Chambers,
317/21, Dr. D.N. Road,
Fort, Mumbai 400 001.

Annexure to Notice

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.

Item No. 6.

At the Thirtyeighth Annual General Meeting of the Company held on 18th September, 2002, the Shareholders had approved appointment of Shri H.T. Kapadia as the Managing Director of the Company for a period of two years from 1st April, 2002. The terms of appointment of Shri Kapadia expired on 31st March, 2004.

The Board of Directors ("the Board") at its meeting held on 16th March, 2004, re-appointed Shri Haridas T. Kapadia as the Managing Director of the Company for a period of 1 (one) year with effect from 1st April, 2004.

The main terms of appointment, remuneration, perquisites, etc. of Shri Haridas T. Kapadia as Managing Director which are subject to the approval of the Members of the Company, are as under:-

Term

Period of appointment : 1 (one) year effective from 1st April, 2004, subject to earlier termination either by the Company or by him by three months' notice.

Salary

Rs. 65,000/- per month.

Perquisites

In addition to the salary, Shri Haridas T. Kapadia will be allowed perquisites as specified below, monetary value of which shall be restricted to the ceiling laid down by the Central Government.

Category "A"

- (i) (a) Housing — Furnished residential accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance of such accommodation or house rent allowance in lieu thereof not exceeding 60% of the salary.
- (b) Expenditure on electricity, water, gas and furnishings at the residence to be borne by the Company.
- (ii) Medical benefits for self and family:
Reimbursement of medical expenses actually incurred and reimbursement of premium paid on mediclaim policy, the total cost of which to the Company in the year shall not exceed one month's salary.
- (iii) A personal accident insurance policy for his own benefit at the cost of the Company the premium of which shall not exceed Rs. 4,000/- in the year.
- (iv) Leave Travel Concession : Actual fares, rail or air, for self and family once during the year to and from any place in India.
- (v) Fees of Clubs, subject to maximum of two clubs, provided that no life membership fee or admission fee is paid.

Category "B"

- (i) Company's contribution to Provident Fund.
- (ii) Gratuity — As per Rules of the Company.
- (iii) Benefit of Company's Superannuation Scheme, subject to the condition that the Company's contribution thereto together with the contribution to Provident Fund are not taxable under the Income Tax Act.

Category "C"

- (i) A car with driver for use for the business of the Company and for his personal use. For personal use of the car, the Company will bill the Managing Director.
- (ii) Telephone at residence : All charges including rental and call charges for the telephone at residence being paid by the Company in full. For personal long distance calls, the Company will bill the Managing Director.

Car with driver for use of Company's business and telephone at residence shall not be considered as perquisites.

BORAX MORARJI LIMITED

The Managing Director shall further be entitled to :

- (i) Reimbursement of entertainment expenses incurred in the course of the Company's business not exceeding Rs. 20,000/- in the year.
- (ii) Leave with salary, allowance and other benefits — As per the Rules of the Company. Privilege leave not exceeding one month in the year or 1/11th of duty period and he will be entitled to encash the leave but not availed as per the rules of the Company.

The monetary value of the perquisites will be evaluated as per the Income Tax Rules and be subjected to such ceiling as may be prescribed by the Central Government.

In the event of loss or inadequacy of profits in the year, the remuneration and perquisites will be paid in accordance with Schedule XIII to the Companies Act, 1956 which will be subject to the approval of the Remuneration Committee of the Board of Directors of the Company and/or any other such approvals as may be required to be obtained for this purpose, as per the amendments, if any, from time to time.

The above salary and perquisites will be subject to the provisions of Sections 198, 309 and 349 of the Companies Act, 1956.

In view of Shri Kapadia's long association with the Company, it would be beneficial for the Company to continue to avail of his services. Accordingly the Directors recommend the Resolution.

Pursuant to Clause (ii) (c) of Part I of Schedule XIII to the Companies Act, 1956, Shri Kapadia's appointment requires approval of the Shareholders by way of Special Resolution.

This may be treated as an abstract of the terms of his appointment under Sec. 302 of the Companies Act, 1956.

None of the Directors except Shri H.T. Kapadia is concerned or interested in the aforesaid appointment.

Mumbai, 28th July, 2004

By Order of the Board of Directors

MARIA E. MONSERRATE
Company Secretary

Registered Office:
Prospect Chambers,
317/21, Dr. D.N. Road,
Fort, Mumbai 400 001.

Report Junction.com

The Last Five Years

| | 1999-00 Rs. lakhs | 2000-01 Rs. lakhs | 2001-02 Rs. lakhs | 2002-03 Rs. lakhs | 2003-04 Rs. lakhs |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1. TURNOVER: (Excluding Excise Duty) | | | | | |
| Domestic Sales | 6,010.84 | 5,844.69 | 5,410.10 | 4,541.18 | 4,411.48 |
| Export Sales | 79.92 | 173.31 | 165.12 | 193.63 | 178.34 |
| Total Turnover | 6,090.76 | 6,018.00 | 5,575.22 | 4,734.81 | 4,589.82 |
| 2. PROFIT/(LOSS): | | | | | |
| For the year before Tax | 203.90 | 83.34 | 51.61 | (159.41) | (219.79) |
| For the year after Tax | 181.90 | 76.24 | 56.51 | (114.75) | (146.43) |
| 3. CAPITAL: | | | | | |
| Equity Capital (including Bonus & Rights Issue) | 301.31 | 301.31 | 301.31 | 301.31 | 451.97 |
| Redeemable Preference Capital | 175.00 | 175.00 | 175.00 | 175.00 | — |
| 4. RESERVES & SURPLUS: (Excluding Revaluation Reserve) | | | | | |
| Capital Reserve | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 |
| Share Premium Account | 191.92 | 191.92 | 191.92 | 191.92 | 222.45 |
| Capital Redemption Reserve | 78.75 | 113.75 | 113.75 | 113.75 | — |
| General Reserve | 817.15 | 817.15 | 374.66 | 254.19 | 213.78 |
| Profit & Loss Account | 25.02 | 9.45 | 11.79 | — | — |
| Total Reserves & Surplus | 1,147.84 | 1,167.27 | 727.12 | 594.86 | 471.23 |
| 5. DIVIDEND: | | | | | |
| Amount on Equity Capital | Rs. lakhs | 90.39 | 30.13 | 30.13 | — |
| % of Equity Capital | % | 30 | 10 | 10 | — |
| Amount on Redeemable Preference Capital | Rs. lakhs | 19.25 | 19.25 | 19.25 | 17.50 |
| % of Redeemable Preference Capital | % | 11 | 11 | 11 | 10 |

@ Interim Dividend (Pro-rata dividend @11% p.a. for 1-4-2003 to 26-6-2003 plus 1% for 1-4-2002 to 31-3-2003) for the year 2003-2004 on the Company's 11% 17,50,000 Redeemable Preference Shares of Rs. 10/- each redeemed on 27th June, 2003.

BORAX MORARJI LIMITED**Directors' Report (Including Management Discussion and Analysis Report)**

The Directors have pleasure in presenting their Fortieth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2004.

| | 2003-2004 Rs. in lakhs | 2002-2003 Rs. in lakhs |
|---|---------------------------|---------------------------|
| FINANCIAL RESULTS | | |
| Turnover | 5,148.22 | 5,347.39 |
| Gross Profit/(Loss) | (37.95) | 21.91 |
| Less: Depreciation | 181.84 | 181.32 |
| Profit/(loss) before Taxation | (219.79) | (159.41) |
| Provision for Taxation: | | |
| Current Tax | — | 2.00 |
| Reversal of Deferred Tax Liabilities | 73.36 | 46.66 |
| | (146.43) | (114.75) |
| Add: Balance brought forward from the Previous Year | — | 11.79 |
| Amount transferred from General Reserve | 40.41 | 120.46 |
| Amount transferred from Capital Redemption Reserve | 113.75 | — |
| Amount available for appropriation is | 7.73 | 17.50 |
| Your Directors have made the following appropriations: | | |
| (i) Proposed Dividend on Equity Shares | — | — |
| (ii) Dividend paid on 11% Cumulative Redeemable Preference Shares | 6.34 | 17.50 |
| (iii) Corporate Dividend Tax | 1.39 | — |
| | 7.73 | 17.50 |
| Turnover (including excise duty) | | |
| Boron Based products | 4,559.03 | 4,831.14 |
| Borotik | 470.55 | 473.44 |
| EOU – Wooden Products | — | 19.22 |
| Others | 118.64 | 23.59 |
| | 5,148.22 | 5,347.39 |

DIVIDEND

At the meeting of the Board of Directors held on 26th June, 2003, the Directors approved payment of interim dividend (Pro-rata dividend @ 11% p.a. for 1-4-2003 to 26-6-2003 plus 1% for 1-4-2002 to 31-3-2003) for the year 2003-2004 on the Company's 11% 17,50,000 Redeemable Preference Shares of Rs.10/- each which were redeemed on 27th June, 2003. Your Directors recommend to the Shareholders to ratify the payment of the said Dividend on Preference Shares amounting to Rs. 7,73,280/- including Corporate Dividend Tax thereon.

The Directors do not recommend dividend on Equity Share Capital of the Company for the year ended 31st March, 2004.

MANAGEMENT DISCUSSION & ANALYSIS**(a) Overview of operations**

During the year, the sale of Boron based products marginally increased in terms of volume to 15,289 MT from 14,711 MT for the Previous year, mainly because of increase in the sale of Speciality Boron Products coupled with an increase in the export of Boron products. However, due to stiff competition from the low-priced imported Boron products, the sales during the year, in terms of value, declined to Rs. 4559.03 lakhs from Rs. 4831.14 lakhs for the Previous Year.

Competition from low-priced imported Chinese and Turkish Boron products continued unabated during the year. Added to this, in the Mini Budget presented by the Government in January, 2004, Customs Duties on the goods imported into India were reduced; also the Special Additional Duty was abolished. Consequently the imported Boron products were available in the market at further reduced prices. Apart from these constraints, appreciation of the Rupee vis-à-vis U.S. \$

also made import of finished products more competitive than import of raw-materials. Had it not been for the improvement in the sales of Special Quality Boron products and increased exports, the year would have ended up with a further decline in the turnover.

As regards performance of the Timber Division, despite stagnant demand in the market, 2778 CBM of Borotik valued at Rs. 470.54 lakhs were sold during the year compared to 2874 CBM valued at Rs. 473.44 lakhs for the previous year. Production at 2989 CBM of Borotik during the year, showed a marginal decrease compared to 3118 CBM of Borotik for the previous year. In order to improve the overall performance of the Timber Division, debonding of the Export Oriented Unit (Brush & Broom Blocks) was taken up during the year.

In October, 2002, the Company sold three of its five Wind Turbine Generators in the State of Tamil Nadu as a result of which the overall income from the Wind Mill Farm during the year declined to Rs. 90.85 lakhs from Rs. 113.05 lakhs for the previous year. Needless to add, the units of electricity generated by the remaining two Wind Mills adequately catered the power requirements of the Timber Division of the Company during the year.

The turnover during the year declined marginally by 3.72% compared to the previous year. As against the previous year's profit of Rs. 21.91 lakhs (before depreciation), the year 2003-2004 ended up with a loss of Rs. 37.95 lakhs. This is mainly because during the year, an amount of Rs. 44.00 lakhs was written off as "Bad Debts/Sundry Receivables Written off" against Rs. 16.78 lakhs for the Previous year. But for the stringent cost reduction measures, the loss would have been higher. During the year, while depreciation went up marginally to Rs. 181.84 lakhs against Rs. 181.32 lakhs for the Previous Year, no provision for taxation was required to be made against Rs. 2.00 lakhs for the Previous Year. After making adjustments in respect of Deferred Tax Liabilities, the year ended up with a loss of Rs. 146.43 lakhs against Rs. 114.75 lakhs for the Previous Year.

The amount of Rs. 113.75 lakhs in the Capital Redemption Reserve was transferred to the Profit & Loss Account of the year under review as the same was no longer required since Redemption of the Preferences Shares was made out of the proceeds of the Rights Issue.

(b) Prospects in the Industry

Chemical Division (Boron products)

Until recent past, the market for boron products was being cramped by suppliers of low-priced imported Chinese/Turkish materials. On 7th January, 2004, the Union Ministry of Finance confirmed the rate of anti-dumping duty on these imports. With this, the cost of import of Chinese/Turkish Boron products will be costlier, the impact of which will be known by the end of the current year.

The Speciality Boron Products manufactured by your Company has been well accepted by the overseas markets. The Company expects improved performance in this front during the current year. We have procured orders from U.K., USA and some Asian countries for supply of Speciality Boron products for execution during the current year.

Timber Division

In an effort to revive the performance of the Timber Division, with effect from 1st April, 2004 the Export Oriented Unit was debonded whereby the Brush/Broom Blocks will now be available for sale in the domestic markets with growth prospects.

Wind Mills Farm Division

Pursuant to the Members' approval, the Company sold its remaining 2 (two) WTGs in Gudimangalam Village, Tamil Nadu State in July 2004 at a total consideration of Rs. 99.00 lakhs and the Sale Deed in respect thereof was registered with the Sub-Registrar, Udumalpet, Tamil Nadu, on 22nd July, 2004. As per the arrangement with the Tamil Nadu Electricity Board (TNEB), all the electricity requirements of the Timber Division will now be catered by the TNEB directly.

We continue our efforts to import Boron raw-materials at lower prices without compromising the percentage of Boron content therein. The progress in the Chemical and Timber Divisions, as explained above, together with the ongoing cost effectiveness programmes is expected to improve the performance of the Company in the years to come.

(c) Adequacy of Internal Controls

The Company has an independent and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and that transactions are authorized, recorded and reported correctly. This system also complies with the suggestions of the Statutory Auditors of the Company, if any, from time to time. The internal control systems are supplemented by regular reviews by the management of the Company.

(d) Human Resource Development

As a matter of routine, the Company undertakes periodic review of its HR policies and encourages the best performance at all times. The Company also provides regular training to its workforce which allows employees to keep themselves abreast of the changing environment as well as develop new skills.

BORAX MORARJI LIMITED**(e) Cautionary Statement**

Certain statements in the Management's Discussion and Analysis Section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

POLLUTION & SAFETY

Stringent controls and strict monitoring of liquid effluents are carried out regularly to restrict pollution to the minimum and keep it within the limits prescribed by the statutory authorities.

PUBLIC DEPOSITS

Out of deposits maturing during the year, a total amount of Rs. 3,59,000/- remained unclaimed as on 31st March, 2004 of which Rs. 2,93,000/- has since been renewed/repaid. Necessary follow-up is being made with remaining deposit holders.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 131 of the Articles of Association of the Company, Shri Y.C. Amin and Shri S.K. Diwanji retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

The terms of appointment of Shri H.T. Kapadia as the Managing Director ended on 31st March, 2004. Subject to the approval of the Shareholders by Special Resolution, he has been re-appointed as the Managing Director of the Company for a period of 1 (one) year with effect from 1st April, 2004.

Observations of the Auditors in their Report to the Members

Regarding the observations of the Auditors in their Report to the Members on the Audited Accounts for the year ended 31st March, 2004, the latest position with regard thereto is as under:

Observation (h)

Sundry Debtors/Advances include an amount of Rs. 2,33,96,876/- (Previous year — Rs. 76,13,324/-) which are overdue. Though the management is hopeful of recovery of substantial portion of this amount, in the absence of confirmations and dealings with the parties, we are of the opinion that these are doubtful of recovery for which no provision is made in the accounts.

Because of depressed market conditions, the Company had to accommodate its customers by offering longer credit periods and the Management is hopeful of their recovery.

Observation (i)

Advances recoverable in cash or in kind include Rs. 21,51,516/- (Previous year — Rs. 44,43,347/-) which are disputed and for which litigation is in progress. (Refer Note No. 20).

Out of the above amount in our opinion, Rs. 6,42,007/- should have been written off. Also includes Insurance Claim Rs. 71,65,255/- in respect of the loss of stock in Chemical Division due to flood during June 2002. (Refer Note No. 18). There is no progress in the claim. No provision against this has been made for any possible loss that may arise.

Regarding writing off Rs. 6,42,007/-, the Board will consider writing off this amount during 2004-2005.

In respect of a claim of Rs. 15,09,509/- on State Trading Corporation of India Ltd., on account of Credit Notes issued by it in Company's favour and the despatch money earned by the Company, the Company's suit is in progress before Tis Hazari Court, Delhi. Settlement of the claim of Rs. 71,65,255/- is pending with the New India Assurance Co.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sec. 217 (2AA) of the Companies Act, 1956 (hereinafter referred to as the "Act"), your Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed;
- (ii) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2004 and of the loss of the Company for the year ended 31st March, 2004;
- (iii) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they had prepared the Annual Accounts on a going concern basis.

AUDITORS

Messrs K.S. Aiyar & Co., Chartered Accountants and Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. They have, under Sec. 224(1) of the Companies Act, 1956, furnished Certificate of their eligibility for re-appointment.

COST AUDITOR

To comply with the directive of the Government of India, Department of Company Law Affairs, Cost Audit Branch, New Delhi, the Board of Directors appointed Shri S.S. Dongare as the Cost Auditor on a remuneration of Rs. 30,000/- for the accounting year ending 31st March, 2005 for the audit of the cost accounts in respect of Boric Acid.

PARTICULARS OF EMPLOYEES

During the year ended 31st March, 2004 there was no employee within the purview of Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

As per Sec. 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in the Annexure to this Report.

CORPORATE GOVERNANCE

Your Company has complied with the provisions stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai. A separate report on Corporate Governance is sent herewith as part of the Annual Report, along with the Auditors' Certificate on compliance.

ACKNOWLEDGMENTS

The Directors are thankful to various Government Departments, Financial Institutions, Banks and Employees for their co-operation and assistance during the year.

For and on behalf of the Board of Directors

R. M. Goculdas
Chairman

Mumbai,
28th July, 2004