

## **SEVENTEENTH ANNUAL REPORT 2002-2003**



***CENTRAL INDIA POLYESTERS LIMITED***

**SEVENTEENTH ANNUAL GENERAL MEETING**

Saturday, the 9th day of August, 2003 at 10.30 a.m. at Hari Hara  
Kala Bhavan, MCH Complex, Sardar Patel Road, Secunderabad  
500 003

**BOARD OF DIRECTORS**

I.F. Sheth	-	Chairman
U.P.S. Gill		
Vinay V. Kolte		
V.N. Nadkarni		
Umesh Prasad Singh	-	Nominee of IDBI

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**COMPANY SECRETARY**

G.B.B. Babuji

**AUDITORS**

Shah Baheti Chandak & Co.  
Chartered Accountants

**BANKERS**

State Bank of India  
HDFC Bank Limited

**REGISTRARS & TRANSFER AGENT**

Karvy Consultants Limited  
21, Avenue 4, Street No. 1  
Banjara Hills  
Hyderabad 500 034

**REGISTERED OFFICE**

"Karvy House"  
46, Avenue 4  
Street No. 1  
Banjara Hills  
Hyderabad 500 034

Tel No : 040-23320666/23320711  
Fax No : 040-23323058  
Website : www.karvy.com

**WORKS**

Dahali  
Mouda Taluka  
Nagpur District  
Maharashtra State  
Pin 441 104



## NOTICE

**NOTICE** is hereby given that the Seventeenth Annual General Meeting of **Central India Polyesters Limited** will be held on Saturday, the 9th day of August, 2003 at 10.30 a.m. at Hari Hara Kala Bhavan, MCH Complex, Sardar Patel Road, Secunderabad 500 003, to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the audited Balance Sheet as at 31st March, 2003, Profit & Loss Account for the year ended on that date, and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri U. P. S. Gill, who retires by rotation and is eligible for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:  
"RESOLVED THAT pursuant to Section 224A and other applicable provisions, if any, of the Companies Act, 1956,

Messrs. Shah Baheti Chandak & Co., Chartered Accountants, the retiring Auditors of the Company, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company upon such remuneration, in addition to the reimbursement of travelling and other out-of-pocket expenses incurred incidental to their functions, as may be agreed to between the Board of Directors of the Company and the Auditors and that the Board of Directors be and is hereby authorised to fix the remuneration as aforesaid."

**By Order of the Board**  
For **Central India Polyesters Limited**

Mumbai,  
Date: May 20, 2003

**G. B. B. Babuji**  
**Company Secretary**

## NOTES

1. **A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the business under Item No. 3 is annexed hereto.
3. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at its Registered Office on all working days except Saturdays, between 11.00 a.m. and 1.00 p.m., upto the date of the Annual General Meeting.
4. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
5. **The Register of Members and Share Transfer Books shall remain closed from Tuesday, the 5th August, 2003 to Saturday, the 9th August, 2003 (both days inclusive).**
6. Shareholders seeking any information with regard to accounts are requested to write to the Company at the earliest to keep the information ready.
7. Shareholders are requested to bring their copy of Annual Report to the meeting.
8. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
9. Appointment/Re-appointment of Director:  
At the ensuing Annual General Meeting, Shri U. P. S. Gill,

retire by rotation and being eligible, offers himself for re-appointment. The details required to be provided pursuant to Clause 49 of the Listing Agreement are furnished in the statement on Corporate Governance published elsewhere in the report.

**Explanatory Statement**

The Explanatory Statement under Section 173(2) of the Companies Act, 1956, for Item No. 3 of the accompanying notice is as under:

**Item No. 3**

Section 224A of the Companies Act, 1956, inter alia, provides that in the case of a Company in which not less than 25% of the subscribed share capital is held either singly or in any combination by Public Financial Institutions, Government Companies etc., appointment or re-appointment at each Annual General Meeting of an Auditor or Auditors shall be made by a Special Resolution. The subscribed share capital of the Company held collectively by Public Financial Institutions and Nationalized Banks is more than 25% thereof. It is, therefore, necessary that the re-appointment of Auditors be made by a Special Resolution. Also the Board of Directors is being authorized to fix the remuneration of the Auditors.

The Special Resolution is accordingly recommended for approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

**By Order of the Board**  
For **Central India Polyesters Limited**

Mumbai,  
Date: May 20, 2003

**G. B. B. Babuji**  
**Company Secretary**

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2003.

**Financial Results**

	(Rs. in lacs)	
	For the year ended 31st March, 2003	For the year ended 31st March, 2002
Gross Sales	32642.57	28950.58
Less: Excise Duty	8301.24	6966.12
Net Sales	24341.33	21984.46
Gross Profit/(Loss) before Interest, depreciation and write off	2045.01	1416.26
Less: Interest	0.87	208.15
Depreciation	1698.74	1689.86
Miscellaneous Expenditure written off	13.57	-
Net Profit/(Loss) for the year	331.83	(481.76)

**Dividend**

Your Directors regret their inability to propose any dividend in view of the accumulated losses of the Company.

**Operations**

During the year under review, the total production of polyester filament yarn was 36,632 MTs (previous year 33,250 MTs) and the sales of yarn was 35,345 MTs (previous year 32,421 MTs). Gross value of sales for the year was Rs. 32,642.57 lacs compared to Rs. 28,950.58 lacs for the previous year.

**Financial Condition and Results of Operation**

Management Discussion and Analysis of Financial Condition and Results of Operation of the Company for the year under review, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement in the Annual Report.

**Directors**

Shri K. X. M. John ceased to be a Director with effect from 20th February, 2003 consequent to the withdrawal of his nomination by Industrial Development Bank of India (IDBI) and Shri Umesh Prasad Singh was appointed as a Nominee Director of IDBI with effect from 20th February, 2003.

Shri U. P. S. Gill, Director, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**Directors' 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 that:

- in the preparation of the annual accounts for the financial year ended 31st March, 2003, the applicable accounting standards had been followed;
- 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 and loss of the Company for the year under review;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on a "going concern" basis.

**Fixed Deposits**

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

**Insurance**

All the properties of the Company including its buildings, plant and machinery and stocks have been adequately insured.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo**

Information in accordance with the provisions of 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 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the Annexure forming part of this report.

**Personnel**

None of the employees of the Company are in receipt of the prescribed remuneration and as such the list of employees as required under Section 217(2A) of the Companies Act, 1956, is not enclosed with this report.

The employee relations continued to be cordial during the year under review.

**Auditors & Auditors' Report**

Messrs. Shah Baheti Chandak & Co., Chartered Accountants, Nagpur, as the Auditors of the Company, hold office till the



conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a consent letter from them to the effect that their appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956. The Notes to Accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

#### Corporate Governance

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

#### Acknowledgements

Your Directors place on record their appreciation of the assistance and support extended by all financial institutions, banks, government authorities and shareholders. Your Directors express their appreciation for the dedicated and sincere services rendered by all the employees of the Company.

For and on behalf of the Board

Mumbai,  
Date: May 20, 2003

I. F. Sheth  
Chairman

### ANNEXURE TO DIRECTORS' REPORT

Disclosure of Particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under Companies (Disclosure of Particulars in the Directors' Report) Rules, 1988.

#### A. CONSERVATION OF ENERGY:

##### (a) Energy conservation measures taken during the year 2002-03:

1. Power factor was maintained 0.99 or above and the maximum incentives of 7% was obtained from MSEB energy bill
2. FRP fan blades were installed in return air fan of 4 air washers to reduce the energy consumption
3. Inverters were installed to run Utility. Cooling water pumps
4. Nitrogen plant was stopped intermittently to reduce operating cost
5. APH on HTM furnace # 02 was changed with modified design to improve efficiency and reduce fuel consumption
6. Conventional chokes of tube lights were replaced with energy efficiency electronic ballasts and high lumens tube rods
7. Air washer operating conditions were optimised to reduce air conditioning load thereby reducing energy consumption
8. Process chilled water pumps impeller were modified to optimise operating condition and reduce energy consumption
9. ETP was revamped with a view to improving effluent water quality and installing energy efficient equipment

##### (b) Additional investments and proposals for reduction in consumption of energy:

1. Installation of new 815 TR Vapour Absorption Chiller (VAC)
2. Installation of centrifugal compressor in place of reciprocating compressor
3. Conversion of extruder spinning lines 10, 11 & 12 to direct melt spinning
4. Replacement of process cooling water pumps with pumps having lesser heads to optimise operation and reduce energy consumption
5. Replacement of FRP fan blades on return air fans of remaining air washers
6. Installation of APH in HTM furnace no. 1
7. Optimisation of quench air system to reduce operating cost
8. Installation of Invertors for Air Compressors working in tandem with centrifugal compressor to optimise energy consumption

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

The measures taken in (a) above resulted in saving of Rs.135 lacs and the measures taken in (b) would result in saving of Rs.345 lacs



**(d) Total energy consumption and energy consumption per unit of production as per Form A given below:**

**FORM - A**

**Form of disclosure of particulars with respect to Conservation of Energy**

	Current Year (2002-03)	Previous Year (2001-02)
<b>(A) Power &amp; Fuel Consumption :</b>		
1. <b>Electricity :</b>		
(a) Purchased		
Units-Kwh	36194400	39536160
Total amount (Rs lacs)	1182.48	1479.68
Rate/Unit (Rs/Kwh)	3.27	3.74
(b) Own generation		
Through Diesel Generator		
Units-Kwh	131072	20510
Units-Kwh per Ltr of diesel	3.55	2.99
Cost/Unit (Rs/Kwh)	5.02	5.49
2. <b>Coal (For Steam Generation) :</b>		
Quantity (Mt)	6502.500	7378.870
Total Amount (Rs lacs)	91.90	102.52
Average rate (Rs/Mt)	1413	1389
3. <b>Furnace Oil :</b>		
Quantity (Mt)	3207.291	3091.682
Total Amount (Rs lacs)	301.83	316.96
Average rate (Rs/Mt)	9411	10252
<b>(B) Consumption per unit of production :</b>		
Production - POY/Chips/FDY (MT)	45657	42051
Electricity (units/Mt)	795.62	823.82
Furnace Oil (Mt/Mt)	0.0702	0.0735
Coal (Mt/Mt)	0.1424	0.1755
Production - Processed Yarn	-	2209
Electricity (units/Mt)	-	2224.45

**B. TECHNOLOGY ABSORPTION:**

Efforts made in Technology Absorption are as per Form B given below:

**FORM - B**

**1. Research and Development (R & D) :**

**a. Specific areas in which R & D was carried out by the Company : -**

- Extensive studies on quenching system were conducted and Standard Operating Conditions were suitably modified to reduce cost of quenching without affecting yarn quality and better runnability on downstream processing machines.
- Production of some new deniers in commodity POY category as well as in specialty (dope dyed yarns,

bright and super bright yarns, coarse denier yarns for apparel and other end uses) has been started and added to the existing product range of POY. This is in-line with the changing market demand.

- Improvement in the polymer characteristics by suitable additives in the process for increasing productivity and better performance spinning and texturing process.
- Studies conducted on EG process management and suitable changes were effected in the process to improve process economy.
- Suitable changes done in the packing system to reduce the cost of packing and better transportation of bobbins for minimizing defects generating during transportation.
- Extensive studies were under taken on spin packs and suitable changes in components were done to improve spinning performance and reduce cost.
- Other R & D activities under progress include development of NSY flat yarns, high tenacity flat yarns and optically white flat yarns. Market research for studying developments in the fabric & industrial market and to produce POY and FDY to cater to these requirements is also under progress.

**b. Benefits derived from successfully completed R & D projects:**

- Improvement in POY quality and run-ability at high speeds in downstream process was established.
- New products in commodity POY, dope dyed POY and flat FDY yarns developed were found acceptable in the market and higher contributions were achieved.
- The process stability and product performance has improved.
- The productivity has increased due to addition of additive.
- Suitable changes in the packing system have reduced the cost of packing.
- With suitable changes in spin packs, spinning performance with respect to breaks and %1st quality has improved and cost per spin pack has significantly reduced.

**c. Future Plan of Action:**

- Conversion of three extruder spinning lines to direct spinning lines is under implementation for achieving better quality of POY, reduction in downgradation, reduction in cost of production, increase in production.
- Conversion of one direct spinning line to dual



## CENTRAL INDIA POLYESTERS LIMITED

facility to produce coarse dope dyed product on extruder route as well as commodity on direct route.

- iii) Production of coarse denier in one of the spinning lines for new applications other than apparel use.
- iv) Further de-bottlenecking of CP plant for enhancing the capacity to 170 TPD from current level of 133 TPD (operating) capacity without affecting the product quality. The design CP capacity is 90 TPD.
- v) Addition of POY capacity by 30 TPD (from existing 105 TPD to 135 TPD).
- vi) Production of specialty flat yarns on draw winder.

**d. Expenditure on Research and Development:**

- i) Capital Expenditure - Rs. 39.98 lacs
- ii) Recurring Expenditure - -
- iii) Percentage of Expenditure - 0.12% on turnover

- 2. Technology Absorption, Adaptation and Innovations :**  
Constant watch is kept on market trends. New products are

developed to cater market requirements. Processes are adapted to improve product quality thus meeting requirements for use on the latest generation high speed machines at customers end.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO**

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services, and export plans:
- (b) Total foreign exchange used and earned:

**Rs. in lacs**

Total foreign exchange used  
(including cost of stores, spare parts) 643.58

Total foreign exchange earned  
(FOB value of exports) Nil

For and on behalf of the Board

Mumbai,  
Date: May 20, 2003

**I. F. Sheth**  
Chairman

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of Central India Polyesters Limited.  
HYDERABAD

We have examined the compliance of the conditions of Corporate Governance by Central India Polyesters Limited, for the year ended on 31<sup>st</sup> March 2003, as stipulated in clause 49 of the Listing Agreement of the same Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, and representations made by the Directors and the Management;

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that as on 31<sup>st</sup> March, 2003 there were no investor grievances remaining unattended/pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Shah Baheti Chandak & Co.**  
Chartered Accountants

Mumbai,  
Date: May 20, 2003

**Manoj Agrawal**  
Partner



## MANAGEMENT DISCUSSION AND ANALYSIS

### Overall Review

During the year, the Company's gross turnover increased to 112% of the previous year. The turnaround was achieved and a net profit of Rs.331.83 lacs has been earned compared to a loss of Rs.481.76 lacs. This was achieved with better cost control, productivity improvements and efficiency improvement in the plant. Highest production of PFY was achieved in the current year with the same capacities. The unutilised Company's properties were let out giving us rental income and our other income stands at Rs.195.58 lacs as compared to Rs.95.49 lacs of the previous year. Due to tough competition in the commodity sector the operating margins were under pressure but the steps mentioned above could lead to the turnaround.

### Review of Operations

The Company has operated at more than its installed capacity. The yarn throughput was increased with addition of suitable modifier in the polymer. In addition to the normal products, specialty products like dope dyed yarns, flat yarns, coarse and super coarse deniers were developed to cater to the changing demands of the market.

### Challenges

Due to evident shortage of PTA and MEG globally, prices of raw material are expected to be on higher side and can affect realisations.

### Outlook

Price competitiveness of PFY is expected to increase due to rationalisation in excise duty structure of man made yarn vis-à-vis cotton yarn. As a result, the share of man made fabrics in domestic fabric consumption is expected to increase from 59% in 1999-2000 to 69% in 2004-05. Margins in PFY are expected to keep at 2002-03 levels as increase in demand and a tight demand supply situation in the international and domestic market is coupled with possible push in raw material prices. There is no threat from imports, which could lead to improved realisations in the domestic market, due to Anti Dumping Duty on PFY till 2005.

### Adequacy of Internal Control System

The Company is following a proper and adequate system of internal controls in respect of all its activities including safeguarding and protecting its assets against loss from unauthorised use or disposition. Further all transactions entered into by the Company are duly authorized, recorded and reported correctly.

The Company is using the advanced ERP (Enterprise Resource Planning) tool, namely SAP duly customized, and incorporating comprehensive structure of authorization controls. The internal control system is supplemented by exhaustive scope covered by

the qualified firm of internal auditors and ISO auditors, periodical review by the management and documented policies, guidelines and procedures.

The internal control system is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

### Financial Performance with respect to operational performance

During the year under review, the plant operated at more than full capacity and the total production of PFY was 36,632 MT which is higher than 33,250 MT of the previous year. Similarly, the sales of yarn was also higher at 35,345 MT as against the previous year's sale of 32,421 MT. i.e., an increase of 9% over the previous year. The gross turnover for the year was Rs. 32,643 lacs as against the previous year figure at Rs. 28,951 lacs. The Miscellaneous Income includes provisions written back Rs. 18 lacs (previous year Rs. 59 lacs). The Company has earned Rs.105.79 lacs by sale of shares of M/s. Hinduja Finance Limited.

### Quality

The Company's Quality Policy is as follows:

- We, at CIPL, proclaim our commitment to continual improvement in quality of products, services and operations with enhancement in productivity.
- We offer competitive advantage for our customers by adopting innovative practices and effective use of Quality Management System.
- We inculcate in our employees a sense of achievement and pride by providing safe, quality work environment and learning opportunities for self-development."

### Research and Development

The Company has registered enhancement in productivity, improvement in quality and performance in the downstream operations. Many value-added products like black dope dyed yarns, new bright yarns and range of coarse denier yarns for apparel as well as upholstery applications, a complete range of flat yarns for knitting and weaving end-use have been developed due to research and development efforts. Some super coarse deniers have been produced on trial basis. The efforts have reduced the input cost for differentiated/specialty products.

### Energy Conservation

The Company is fully committed towards Energy Conservation and is continuously reviewing further scope of energy savings in various sections of the plant. The Company is taking adequate measures to utilise expertise and latest developments in the field of Energy Conservation to optimise the plant operations.

**Environment**

The Company continues to ensure that the air, water and other environmental standards are achieved as per the prescribed norms. Annexure to this report presents a summary of the standard achieved in relation to those prescribed.

**Human Resources Development**

In order to develop the human resources more emphasis has been placed on training of employees. The training system has been strengthened with a well structured module at the in-house training centre which has all the necessary infrastructure. There is good response to the system which is constantly reviewed and upgraded integrating the individual and the plant requirements. Special efforts are being made through various training programmes, seminars and competitions for all levels of employees.

The Company has a well equipped township with recreation facilities such as a Club House, Playground and a Store.

The relationship with the workers/employees remained cordial during the year. The existing Long Term Settlement with the Union is valid upto January, 2003 and discussions are going on for renewal of the same.

The number of persons employed in the Company at the closing of the financial year was 592.

**Health and Safety**

It has been the endeavor of the Company's management to maintain its operations in a manner that safety and health both

inside and outside are maintained in the best conditions. Employees are trained to observe and maintain all the safety and health related guidelines.

**ANNEXURE****INFORMATION ON POLLUTION CONTROL MEASURES**

	MPCB Norms	Compliance/ Achievement
<b>A AIR POLLUTION:</b>		
1. SPM (mg/cum)	Not more than 150	58-140
2. SO <sub>2</sub> (kg/day)	Not more than 2108	68 – 400
3. Coal fired boiler	Dust collector to be installed	Bag filter installed
<b>B. DISCHARGE OF LAND:</b>		
1. pH	Between 5.5-9.0	7.5-8.5
2. BOD 3 days (mg/l)	Not to exceed 100	21-28
3. Suspended Solids (mg/l)	Not to exceed 200	35-85
4. COD (mg/l)	Not to exceed 250	100-200
5. Oil & Grease (mg/l)	Not to exceed 10	Traces
6. TDS (mg/l)	Not to exceed 2100	400-900
7. SO <sub>4</sub> (mg/l)	Not to exceed 1000	60-80
8. Chlorides (mg/l)	Not to exceed 600	35-75

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## CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said Clause and practice as followed by the Company:

### 1. Company's Philosophy on Code of Governance

Philosophy of Central India Polyester Limited (CIPL) on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and all interactions with its stakeholders, including the shareholders, employees, the government and the lenders.

CIPL is committed to achieving the highest standards of corporate governance.

CIPL believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

### 2. Board of Directors

The Board of Directors consists of 5 non-executive directors out of whom one is a manager and one is a non-executive nominee director representing Industrial Development Bank of India. All are independent directors.

During the year 2002-03, the Board met five times (as against the minimum requirement of four meetings) on the following dates, namely, 24<sup>th</sup> May, 2002, 30<sup>th</sup> July, 2002, 16<sup>th</sup> August, 2002, 25<sup>th</sup> October, 2002 and 24<sup>th</sup> January, 2003.

The maximum time gap between any two meetings was not more than four months.

The following table gives details of directors, attendance of directors at the board meetings and at the last annual general meeting, number of membership held by directors in the Board/Committees of various companies :-

Name	Category	Attendance Particulars		No. of other Directorships and all Committee Memberships/Chairmanships		
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
I. F. Sheth	C, NE&ID	5	Yes	6	7	4
U. P. S. Gill	NE&ID	3	Yes	None	None	None
Vinay V. Kolte	M, NE&ID	5	Yes	None	None	None
V. N. Nadkarni	NE&ID	4	Yes	10	9	4
K. X. M. John*	NE&ID*	5	Yes	1	None	None
Umesh Prasad Singh**	NE&ID*	-	NA	3	2	None

C : Chairman

M : Manager

NE&ID: Non-Executive and Independent Director

# Nominee Director – Industrial Development Bank of India (IDBI)

\* Ceased with effect from 20<sup>th</sup> February, 2003

\*\* Appointed with effect from 20<sup>th</sup> February, 2003

None of the directors is a member in more than ten committees and acts as a chairman in more than five committees across all companies in which he is a director.

Shri U. P. S. Gill retires by rotation and is eligible for re-appointment. His resume, in brief, is furnished hereunder:

- Shri U. P. S. Gill aged 50 years, holds a Master's Degree in Business Management and has attended advanced professional training programmes at University of California U.S., University of St Paul Minneapolis, INSEAD France, World Bank IMF. He has also attended various specialised programmes on Leadership Skills by Grid International and TFCL, Australia.
- During a career span of 26 years, Shri Gill has handled key positions in corporate such like, Pepsi Co., JCT Ltd, Cotton Corporation of India, which has exposed him to varied fields of textiles, polyester, cotton fibre and international trade. Currently, he is Senior Executive Vice President – PFY Business of Reliance Industries Limited. As a Head of PFY Business Group, his responsibilities include profit centre, strategic planning, quality and supply chain management with the main objective to maximise business performance and shareholder value.

### 3. Audit Committee

The Audit Committee constituted by the Board of Directors consists of 3 (three) independent directors, namely, Shri I. F. Sheth, Shri U. P. S. Gill and Shri K. X. M. John. Consequent upon the withdrawal of nomination of Shri K. X. M. John Shri Umesh Prasad Singh was appointed as a member of the Audit Committee in place of Shri John. Shri I. F. Sheth is the Chairman of the Audit Committee. The constitution of Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956.

The terms of reference specified by the Board to the Audit Committee are in conformity with Clause 49 of the Listing Agreement, and are as follows:

- a. Oversight of the company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focussing primarily on :
  - i. any changes in accounting policies and practices;
  - ii. major accounting entries based on exercise of judgement by management;
  - iii. qualifications in draft audit report;
  - iv. significant adjustments arising out of audit;
  - v. the going concern assumption;
  - vi. compliance with accounting standards;
  - vii. compliance with stock exchange and legal requirements concerning financial statements; and