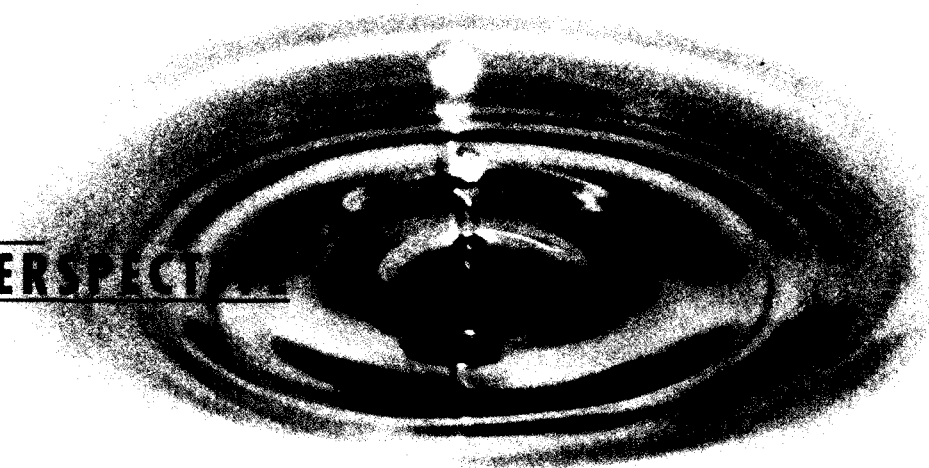




Report  junction.com



# **WIDENING PERSPECTIVE**

ANNUAL REPORT 2005-2006



## Corporate Directory

### BOARD OF DIRECTORS

Dr. Shashi Chand Jain  
*Chairman and Managing Director*

Shri Sharad Kumar Jain  
*Vice Chairman & Managing Director*

Smt. Satyawati Jain

Shri F.H. Tapia

Dr. V.H. Joshi

Shri Yuvraj Saheb of Dhrangadhra

Shri Sushil Kumar Jalan

Shri Nirmal Kumar R. Ruia

Shri Pramod Kumar Jain  
*Managing Director*

Shri Bakul Jain  
*Executive Director*

### BANKERS

Punjab National Bank  
State Bank of Saurashtra  
State Bank of India  
City Union Bank Ltd.  
ING Vysya Bank Ltd.

### AUDITORS

V. Sankar Aiyar & Co.,  
Chartered Accountants, Mumbai.

### REGISTERED OFFICE

Dhrangadhra 363 315, Gujarat.

### HEAD OFFICE

"Nirmal", 3rd Floor,  
Nariman Point,  
Mumbai 400 021.

### BRANCH OFFICE

Indra Palace, 1st Floor,  
H-Block, Connaught Circus,  
New Delhi 110 001.

### WORKS

Soda Ash Division : Dhrangadhra 363 315,  
Gujarat.  
Caustic Soda Division : Arumuganeri P.O.,  
Sahupuram 628 202,  
Tamil Nadu.  
PVC Division : Arumuganeri P.O.,  
Sahupuram 628 202,  
Tamil Nadu.  
Salt Works : Kuda, Gujarat,  
Arumuganeri P.O.,  
Sahupuram 628 202,  
Tamil Nadu.

---

**67th**  
**Annual Report**  
**2005-2006**

---

Note: The Balance Sheet, Profit and Loss Account and Key Financial Data are also presented in US \$ on Page Numbers 15, 16 & 17 respectively.



## Directors' Report

### TO THE MEMBERS

Your Directors present their 67th Annual Report and Audited Accounts for the Financial Year ended 31st March, 2006:

#### 1. Financial Results:

	31-3-2006 (Rs. in lacs)	31-3-2005 (Rs. in lacs)
Sales	<b>70,358.82</b>	73,590.72
Gross Profit	<b>5,535.05</b>	4,442.26
Less: Provisions		
Depreciation	<b>2,305.56</b>	2,074.46
Profit Before Tax	<b>3,229.49</b>	2,367.80
Tax: Current	<b>277.49</b>	170.00
Fringe Benefit Tax	<b>40.00</b>	—
MAT Credit Available for set off	<b>(272.35)</b>	—
Tax adjustments of Previous Year	<b>(130.00)</b>	—
	<b>(84.86)</b>	170.00
Profit After Current Tax & Tax Adjustments	<b>3,314.35</b>	2,197.80
Deferred Tax	<b>587.43</b>	94.46
Profit after Tax	<b>2,726.92</b>	2,103.33
Add: Balance brought forward	<b>2,894.90</b>	2,259.87
Profit Available for Appropriation	<b>5,621.82</b>	4,363.20
Appropriations:		
General Reserves	<b>2,000.00</b>	1,000.00
Dividend	<b>517.63</b>	414.16
Dividend Distribution Tax	<b>76.43</b>	54.01
Balance carried forward	<b>3,027.76</b>	2,894.91

#### 2. Dividend:

Your Directors recommend payment of Dividend (15%) at Rs. 0.30 per equity share of Rs. 2/- each.

#### 3. Operations:

Sales during the year were Rs. 703.59 crores as compared to Rs. 735.91 crores recorded in the previous year. The decrease in sales was mainly on

account of lower sales realization of PVC. The Gross Profit for the year increased from Rs. 44.42 crores to Rs. 55.35 crores. The profit before tax amounted to Rs. 32.29 crores as against Rs. 23.68 crores in the previous year. After providing Rs. 2.77 crores for current taxes, Rs. 0.40 crores towards Fringe benefit tax and taking credit for MAT of Rs. 2.72 crores and previous year tax adjustments of Rs. 1.30 crores profit before deferred tax is Rs. 33.14 crores against previous years Rs. 21.98 crores. The profit after provision for deferred tax is Rs. 27.27 crores against previous years Rs. 21.03 crores. Deferred Tax is only a provision as per guidelines and is not an outflow.

#### 4. Exports:

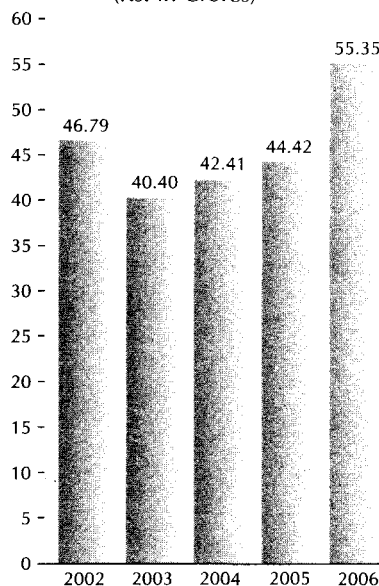
The Company's exports are Rs. 67.36 crores as compared to Rs. 72.14 crores in the previous year, due to marginal reduction in BI Exports.

#### 5. Divisionwise Performance:

##### (a) PVC Division:

The turnover of the division was Rs. 350.83 crores as compared to Rs. 426.28 crores, registering a fall of 18% due to lower

### GROSS PROFIT (Rs. in Crores)



realization and lower sales of PVC. Margins on PVC were under pressure due to cheap import on account of reduction in import duty and reduction in duty differential between raw material and finished good. However all major users are recording good demand and PVC industry continues to show positive growth. The Government has identified irrigation, power and infrastructure as thrust areas and increased activity in these sectors are likely to boost demand of PVC Resin. However, on account of reduction in duty arbitrage between finished products and raw material will continue to have an impact on the profitability of this unit.

##### (b) Caustic Soda Division:

The turnover of the division was Rs. 204.17 crores as compared to Rs. 186.86 crores in the previous year, registering a growth of 9% in the sales. The increase in turnover was on account of better realization on Caustic soda and Chlorine. However, the profit was lower on account of increase in cost of captive power due to steep increase in oil prices. The production of Caustic Soda was 60100 MT as compared to 61420 MT in the previous year.

##### (c) Soda Ash Division:

The turnover of the division was Rs. 145.14 crores as compared to Rs. 116.91 crores in the previous year registering a growth of 24%. This increase in turnover is due to growth in sales and better realization on Soda Ash. The company produced 87340 MT of Soda Ash (previous year 83091 MT), 18810 MT of Soda Bi Carb (previous year 16458 MT) and 2721 MT of Ammonia Bi Carbonate (previous year 1950 MT).

The Company also produced 31815 MT of washing powder compared to 25654 MT in the previous year.

## 6. Projects Implemented and Under Implementation

### (a) Wind Mill Project

During the year company has completed the implementation of its Windmill project of 11.2 MW capacity in the State of Tamilnadu, comprising of 14 windmills. The company is taking necessary steps to get Carbon Credit for this project.

### (b) Calcium Chloride Project

Company is in process of implementing project for manufacture of Calcium Chloride out of the waste liquor. This project is also for pollution abatement. Calcium Chloride is used mainly in Drilling of Oil Wells, De-icing and in exterior paints and has a good demand in domestic as well as in international markets.

## 7. New Projects:

### (a) Conversion of Mercury Cells to Membrane Cells at Caustic Soda Unit

The Company proposes to convert Mercury Cells to Membrane Cells at its Caustic Soda Unit in Sahapuram. The Company has awarded the contract to UHDE INDIA LIMITED, for supply of membrane cells. On completion of the project, production capacity of the Caustic Soda will increase from present 175 TPD to 283 TPD. This will also result in substantial savings in power. The project is estimated to be completed within 24 months.

### (b) Iron Oxide Pigment Plant

To generate a commercially viable product out of waste liquor generated out of its Beneficiated Ilmenite Plant at Caustic Soda Unit in Sahapuram and as pollution abatement measure, the Company set up in 1995 an Iron Oxide Pigment Pilot Plant of 450 TPA. The in-house R&D Department of the Company improved the quality of the

product to international standards and the product has been well accepted. The Company now proposes to set up a commercial scale project of 70 - 120 TPD capacity. This project may be implemented by way of a joint venture with an international company of repute. After implementation of the project, there will be zero pollution. This project is estimated to be completed within a period of 18 to 22 months. With an estimated capital expenditure of Rs. 125 crores.

### (c) Increase of Capacity of Beneficiated Ilmenite Plant

Chlorine generated while manufacturing Caustic Soda is used for the manufacture of Trichloroethylene and Beneficiated Ilmenite. Presently Company manufactures 30,000 TPA of Beneficiated Ilmenite is totally exported and commands good demand in the international market. The Company proposes to increase the capacity of this

plant to 42,000 TPA in the first phase. The capacity addition in the Beneficiated Ilmenite Plant will consume the additional chlorine generated on account of increase in caustic soda capacity. The project is estimated to be completed within a period of 24 months.

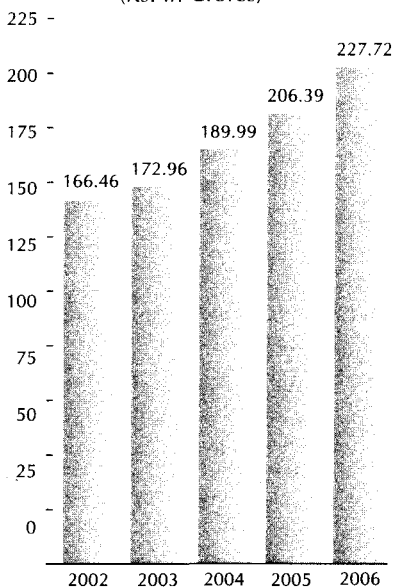
### (d) Thermal Power Plant at Sahapuram

Caustic Soda is a power intensive product and the cost of power constitutes about 65% - 70% of the total cost. The present Captive Power Plant set up in the year 1995 - 96 comprises 6 x 6 MW DG Sets. Due to steep increase in the oil prices, the cost of generating power and steam has gone up. On account of expansion programme of various plants at Sahapuram, the requirement of power is estimated to go up from 30 MW to 44 MW and that of steam from 19 TPH to 85 TPH. The Company, therefore, proposes to set up a Thermal Co-generation plant for generating 44 MW of power and 85 TPH steam. On setting up this co-generation plant, the cost of generation of power and steam will come down substantially there by improving the profitability of the company. The project will be implemented in 18 - 22 months. It will be done by well known firm in the field M/s. Thermax Ltd., on turnkey basis.

### (e) Doubling of Soda Ash Capacity

The demand of Soda Ash is going up by 5% - 7% per annum. Presently the Company's Soda Ash Unit at Dhrangadhra in Gujarat manufactures 300 tons per day of Soda Ash. The Company proposes to increase the capacity of its Soda Ash Plant to 650 tons per day. The increase in capacity will give benefit of economy of scale and improve efficiencies. M/s. Akzo - Noble of Netherland, international leader in Soda Ash technology will provide

## NET WORTH (Rs. in Crores)





technological support for doubling the capacity. This project is expected to be completed within 24-30 months.

#### Capex for New Projects:

The capex of the above projects will be approx. Rs. 700 crores, which will be met by borrowings from banks, FCCB issue and from internal accruals. The profitability and turnover of the company will be greatly strengthened and improved.

#### Fixed Deposits:

The Company has not accepted any fresh Deposits during the year. Deposits matured but not claimed as at the end of the financial year, amounted to Rs. 0.39 lacs. None of these deposits have been claimed since then.

#### Corporate Governance:

The report on Corporate Governance is annexed to this report.

#### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings 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 the Board of Directors) Rules 1988 is set out in the Annexure forming part of this Report.

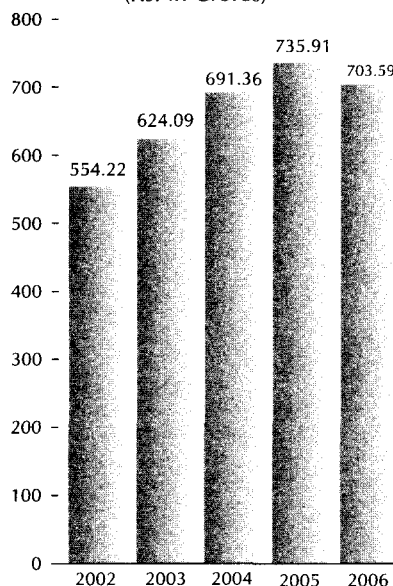
#### Particulars of Employees:

Information in accordance with Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is set out in the Annexure forming part of this Report.

#### Environment and Safety Measures:

The Company is committed to Industrial Safety and Environment Protection and these are on going processes at the Company's various plants. The Sahupuram Unit has been granted ISO 14001 Certificate for complying with environment protection and safety.

### SALES (Rs. in Crores)



and M/s. R. Nanabhoy & Company respectively. Their appointments were approved by the Department of Company Affairs. The Cost Audit of these Divisions is conducted every year and the Reports are submitted by the Cost Auditors to the Central Government.

#### 17. Management Discussion and Analysis Report

##### Outlook:

The Company has a diversified operation with four business segments viz. PVC, Chlor Alkali, Beneficiated Ilmenite and Soda Ash. It is thus reasonably protected from the vagaries of business cycles of these products.

##### PVC Division:

The Company, one of the six producers of the PVC resin and despite competition, has maintained its market share of nearly 10%. With expected introduction of Value Added Tax (VAT) in Tamilnadu and Pondicherry, the Company's competitiveness and profitability is likely to improve.

##### Caustic Soda Division:

The company continues to be a major player in the South India with a market share of approximately 15%. The demand for caustic soda is expected to grow at a steady rate of 4% to 5% due to healthy growth in demand from the end-user industries, specially aluminium.

The proposed conversion of Mercury Cell to Membrane Cell will result in capacity addition and power saving, improving the bottomline.

The capacity addition in Beneficiated Ilmenite Plant will increase exports and profitable utilization of chlorine.

Captive Thermal Power plant will substantially reduce the power and steam cost.

##### Soda Ash Division:

The Soda Ash Industry continues to grow at a compounded rate of 5 % to 7% p.a. and this trend is expected to continue due to strong demand from

#### 14. Directors:

Shri F.H. Tapia, Shri Yuvraj Saheb of Dhrangadhra and Shri Bakul Jain, Directors, retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

#### 15. Auditors and Auditors' Report:

M/s V. Sankar Aiyar & Co., Chartered Accountants - Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for reappointment. Regarding the qualification in the Auditors' Report, the notes to the Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further clarification.

#### 16. Cost Audit:

In accordance with the directions received from the Department of Company Affairs, the Cost Audit of the Company's Soda Ash and Caustic Soda Divisions were conducted for the Financial Year 2004-2005 by Cost Auditors, M/s. N.D. Birla & Company



end-user industries. Domestic prices of soda ash move in line with international prices due to the threat from imports. The decreasing trend of import duties in India is a cause of concern as decline in landed costs will exert pressure on domestic prices. The proposed doubling capacity of the plant will result in economy of scale and reduction in the cost of production.

#### Internal Control Systems:

The Company has an adequate internal control procedure commensurate with the nature of its business and size of its operations. Internal Audit is conducted at regular intervals. Internal Audit is conducted on a regular basis by an independent firm of Chartered Accountant.

The reports of the internal audit along with comments from the management are placed for review before audit committee. The Audit Committee also scrutinizes all the programmes and the adequacy of the internal controls.

#### Human Resources:

The Company has been following a standard procedure for recruitment of best personnel for all the departments and is making constant and continuous efforts to retain and groom them to meet its present and future requirements. The current strength is 2525 employees. The Company sponsors employees for various seminars on finance, operations, marketing and human resource development to update their skills and

develop close co-ordination with their counterparts in industries. This is basically done to enhance their skills in order to achieve an optimum output from them.

#### Cautionary Note:

Statement in this report describing the company's objectives, projections, estimates, expectations and predictions may be "forward looking statements". Actual results could differ materially from those expressed or implied due to variation in prices of raw materials, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and other incidental factors.

#### 18. Directors' Responsibility Statement

In terms of Section 217 (2AA) of the Companies Act, 1956 your Directors have:

- (a) Followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures;
- (b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of financial year and of the profit of your Company for that period;

- (c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- (d) Prepared the Annual Accounts on a going concern basis.

#### 19. Insurance:

All the properties of the Company are adequately insured.

#### 20. Industrial Relations:

The relations between the employees and the management were cordial and an atmosphere of understanding prevailed throughout the year.

#### 21. Acknowledgement:

The Board places on record their grateful appreciation for the assistance and co-operation received from the Financial Institutions and the Banks..

On behalf of the  
Board of Directors

**Dr. Shashi Chand Jain**  
Chairman and Managing  
Director

Mumbai, 23rd May, 2006





## Annexure to Directors' Report Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

### MANDATORY REQUIREMENTS:

#### 1. Company's philosophy on Code of Corporate Governance:

The Company believes in the practice of good Corporate Governance. A continuous process of delegation of powers commensurate with accountability coupled with trust, faith and transparency has been embedded in the day to day functioning. The Company will endeavor to improve on these aspects on an ongoing basis.

#### 2. Board of Directors:

- Size of the Board:**

The Board of Directors of the Company consists of 10 Directors.

- Composition, category and their attendance at the Board meetings during the year and at the last Annual General Meeting as also the number of other Directorships/Memberships of Committees are as follows:**

Category of Directorship	Name of the Director	Attendance Particulars at the		Other Directorships	Other Committee	
		Board Meetings	Last AGM		Memberships	Chairmanships
Promoter/ Executive Directors	Dr. Shashi Chand Jain (Chairman & Managing Director)	6	No	4	2	—
	Shri Sharad Kumar Jain (Vice Chairman & Managing Director)	2	No	—	—	—
	Shri Pramod Kumar Jain (Managing Director)	6	Yes	2	—	—
	Shri Bakul Jain (Executive Director)	6	No	1	—	—
Promoter/Non-Executive Director	Smt. Satyawati Jain	4	No	—	—	—
Non-Executive and Independent Directors	Shri Yuvraj Saheb of Dhrangadhra	4	No	—	—	—
	Shri F.H. Tapia	5	No	—	—	—
	Dr. V.H. Joshi	6	Yes	—	—	—
	Shri Sushil K. Jalan	2	No	6	—	—
	Shri N.R. Ruia	4	No	2	—	—

- No. of Board Meetings held during the year along with the dates of the meeting:**

During the year five Board Meetings were held on:

21.04.2005, 28.06.2005, 27.07.2005, 25.10.2005, 25.01.2006 and 27.03.2006

The Company placed before the Board the Annual Budget, Performance of various units and other information from time to time as specified in Annexure IA of the Listing Agreement.

### 3. Audit Committee:

#### • Terms of Reference:

The terms of reference of this Committee cover the matters as specified for Audit Committees under Clause 49 of the Listing Agreement as well as per the provisions of Section 292 A of the Companies Act, 1956.

#### • Composition, name of members and Chairperson:

The Audit Committee comprises 3 Non-Executive Independent Directors. Dr. V.H. Joshi is the Chairman of this Committee. Shri Yuvraj Saheb of Dhrangadhra and Shri F.H. Tapia are the other members of the Committee.

#### • Meetings and Attendance during the year:

The Committee met 4 times during the year and the attendance of the Members at these meetings was as follows:

Dates of Meetings	Dr. V.H. Joshi	Shri F.H. Tapia	Shri Yuvraj Saheb of Dhrangadhra
28.06.2005	Yes	Yes	No
27.07.2005	Yes	Yes	Yes
25.10.2005	Yes	Yes	Yes
25.01.2006	Yes	Yes	Yes

### 4. Remuneration Committee:

#### • Terms of Reference:

The terms of reference of this Committee cover the matters as specified for Remuneration Committees under Clause 49 of the Listing Agreement.

#### • Composition, Name of Members and Chairperson:

The Remuneration Committee comprises 3 Non-Executive Independent Directors. Shri F.H. Tapia is the Chairman of this Committee. Dr. V.H. Joshi and Shri Yuvraj Saheb of Dhrangadhra are the other members of the Committee.

#### • Attendance during the year:

There were two Remuneration Committee meetings during year held on 27th July, 2005 and 27th March, 2006. All members attended the meeting of 27th July, 2005 and Shri F.H. Tapia and Dr. V.H. Joshi were present at the meeting of 27th March, 2006.

#### • Remuneration Policy:

The Remuneration of Managing Directors and Whole-time Director is approved by the Remuneration Committee and thereafter by the Board (subject to the subsequent approval by the Shareholders at the general body meeting and such other authorities as the case may be). The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the corporate world, financial position of the Company etc. The remuneration Structure comprises Salary, Perquisites, Commission, Contribution to Provident Fund, Super-Annuation Fund and other funds in accordance with the provisions of the Companies Act, 1956. The Non-Executive Directors do not draw any remuneration from the Company besides the sitting fees for each meeting of the Board, Audit and Remuneration Committees attended by them.

#### • Details of the remuneration paid to the Directors for the Financial year 2004-2005 is given below:

Directors	Salary (Rs.)	Perquisites (Rs.)	Contribution to Provident Fund & Other Fund (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Dr. Shashi Chand Jain	24,00,000	3,27,960	6,48,000	17,11,500	—	50,87,460
Shri Sharad Kumar Jain	24,00,000	*23,40,948	6,48,000	17,11,500	—	71,00,448
Shri Pramod Kumar Jain	24,00,000	3,55,084	6,48,000	17,11,500	—	51,14,584
Shri Bakul Jain	24,00,000	3,27,262	6,48,000	17,11,500	—	50,86,762
Smt. Satyawati Jain	—	—	—	—	20,000	20,000
Shri F.H. Tapia	—	—	—	—	37,500	37,500
Dr. V.H. Joshi	—	—	—	—	42,500	42,500
Shri Yuvraj Saheb of Dhrangadhra	—	—	—	—	30,000	30,000
Shri Sushil K. Jalan	—	—	—	—	15,000	15,000
Shri Nirmal Kumar Ruia	—	—	—	—	20,000	20,000

\* Includes Rs. 20,27,988/- paid/reimbursed as medical expenses. This expense by way of enhancement of remuneration was approved by Ministry of Company Affairs, Government of India vide their letter No. 12/96/2005-CL VII dated 6.10.2005 and has been also approved by Shareholders at their meeting held on 4.5.2006.





Sitting Fee also includes payment for Board level committee meetings.

Dr. Shashi Chand Jain, Shri Sharad Kumar Jain, Shri Pramod Kumar Jain and Shri Bakul Jain are each entitled for commission @ 25% of the difference between 10% of the net profits as computed under Section 349 of the Companies Act, 1956, in a financial year and the aggregate of the salary and perquisites and benefits paid to all the Managing Directors and Whole-time Directors in that year subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.

The appointments of Managing Directors/ Executive Director are contractual and are for a period of 5 years.

The appointment of the Managing Directors/ Executive Director may be terminated by either party by giving a six-month notice.

No severance fee is payable on termination of appointment.

Non-Executive Directors are not paid/entitled for any remuneration other than sitting fees.

Presently the Company does not have any Scheme for grant of any stock option either to the Directors or to the employees.

#### 5. Shareholders'/Investors' Grievance Committee:

Smt. Satyawati Jain, Non-executive Director is the Chairperson of the Shareholders'/Investors' Grievance Committee.

Ms. Kumkum Shah, Asst. Company Secretary is the Compliance Officer of the Company.

There were 96 complaints received from the shareholders during the year.

All the Complaints were resolved satisfactorily.

There were no pending complaints as on 31.03.2006

#### 6. General Body Meetings:

(i) Location and time of last 3 Annual General Meetings held:

Year	Location	Date	Time	No. of Special Resolutions Passed
2002-03	Dhrangadhra, Gujarat	07.08.2003	11.00 a.m.	—
2003-04	Dhrangadhra, Gujarat	12.08.2004	11.00 a.m.	6
2004-05	Dhrangadhra, Gujarat	25.08.2005	11.00 a.m.	1

(ii) No Special Resolution has been passed last year through postal ballot.

(iii) No Special Resolution is proposed to be conducted through postal ballot.

#### 7. Disclosures:

1. During the year, there were no transactions of material nature with the Promoters, Directors or the management or relatives etc. that may have potential conflict with the interest of the Company at large.

2. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any other statutory authority for non-compliance of any matter related to the Capital Market.

#### 3. DCW Code of Conduct:

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is posted on the website of the Company.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended, the Board of Directors of the Company formulated DCW Code of Conduct for the prevention of Insider Trading in the shares of the Company by its Directors and designated employees. The DCW Code, inter-alia, prohibits purchase/sale of shares of the Company by the Directors and designated employees, while in possession of unpublished price sensitive information in relation to the Company. A system has been put in place and Directors/Designated Employees have been advised to take pre-clearance before purchase/sale of the Company's shares.

Whistle Blower mechanism is in existence and no personnel has been denied access to the Audit Committee.

#### 4. Compliance with Mandatory Requirements:

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

#### Compliance with Non-Mandatory Requirements:

##### (1) The Board:

The Company has an Executive Chairman and hence the requirement pertaining to reimbursement of expenses to a Non-Executive Chairman does not arise.

##### (2) Remuneration Committee:

Please refer Item No. 4 under the heading 'Mandatory Requirements'.

**(3) Shareholders' Rights:**

As the Company's Quarterly results are published in English Newspapers having circulation all over India and in a Gujarati Newspaper circulated in Gujarat, the same are not sent to each household of shareholders.

**(4) Audit qualification:**

The Company move towards a regime of unqualified financial statements.

**(5) Training of Board Members:**

The Board of Directors consists of professionals with expertise in their respective fields and industry. They endeavour to keep themselves updated with changes in economy and legislation.

**(6) Mechanism for evaluating Non-Executive Board Members:**

The performance evaluation of Non-Executive Directors is done by the Board of Directors, excluding the Director being evaluated.

**(7) Whistle Blower Policy:**

The Company has in existence a system for the employees to report to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct.

**DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT/ETHICS:**

All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct/Ethics as approved and adopted by the Board of Directors.

**8. Means of Communication:**

- The Quarterly results are published in 'Financial Express' in all editions in India including the Gujarati edition published from Ahmedabad. These are not sent individually to the shareholders.
- The above results are also displayed on the Company's web-site viz. [www.dcwlimited.com](http://www.dcwlimited.com)
- There were no presentations made to the institutional investors or to the analysts.

**9. General Shareholders information:****ANNUAL GENERAL MEETING:**

- Day & Date : Thursday, 6th July, 2006
- Time : 10.00 a.m.
- Venue : at the Registered Office (at Guest House No. 2), Dhrangadhra, Gujarat - 363 315

**Financial calendar: April 2006 – March 2007:**

First Quarter results  
ending 30th June 2006 : last week of July, 2006

Second Quarter results  
ending 30th September 2006 : last week of October, 2006

Third Quarter results  
ending 31st December 2006 : last week of January, 2007

Last Quarter results  
ending 31st March 2007 : last week of April, 2007

**Date of Book closure** : 27th June, 2006  
to 6th July, 2006  
(both days inclusive).

**Dividend Payment Date** : 10th July, 2006

**Listing on Stock Exchanges:**

The Company's shares are listed with the following Stock Exchanges:

- The Mumbai Stock – Phiroze Jeejeebhoy Towers, Exchange (BSE) Dalal Street, Mumbai 400 023
- National Stock – Exchange Plaza Bldg., Exchange of 5th floor, Plot No. C-1, India Limited 'G' Block, Bandra-Kurla Complex, Near Wockhardt, (NSE) Mumbai 400 051

Annual Listing fees as prescribed has been paid to the above Stock Exchanges for the year 2006-2007. GDRs of the Company are listed with the Luxembourg Stock Exchange.

**Stock Code** : 117 (BSE), DCW (NSE)

**Demat ISIN Nos.** : INE 500A01011

**Share Transfers and Other Communications may be Addressed to** : Bigshare Services Pvt. Ltd., (Unit DCW Ltd.), E/2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072.  
email: [bigshare@sify.com](mailto:bigshare@sify.com)

**Investors' complaints may be Addressed to** : Asst. Company Secretary  
**DCW Limited**  
Nirmal, 3rd floor, Nariman Point, Mumbai 400 021