

# EXCEL GLASSES LIMITED



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**32nd ANNUAL REPORT  
2002-2003**



# EXCEL GLASSES LIMITED

## 32ND ANNUAL REPORT 2002-2003

### BOARD OF DIRECTORS

S. J. PAREKH	— Chairman
PRASHANT SOMANI	— Managing Director
RAVINDRA SOMANI	— Executive Director
Dr. V. P. SHAH	— Nominee of ICICI
B. CHANDRASHEKHARAN NAIR	— Nominee of KSIDC
REVI KARUNAKARAN	— Non Executive Director
SUSHEEL G. SOMANI	— Non Executive Director
SURENDRA SOMANI	— Non Executive Director
H. P. VYAS	— Non Executive Director
R. D. PRABHU	— Non Executive Director

### EXECUTIVES

T. C. THOMAS	— Vice-President (Technical)
B. G. AGARWAL	— Vice-President (Commercial)
R. P. KHATOD	— Corporate Executive

### AUDITORS

JOSEPH & NAMPIATHIRI  
Chartered Accountants,  
Allapuzha, Kerala

### BANKERS

STATE BANK OF TRAVANCORE  
THE SOUTH INDIAN BANK LIMITED  
UCO BANK

### REGISTERED OFFICE & WORKS

UDAYA NAGAR  
Pathirapally  
Allapuzha - 688 521 (KERALA)  
Telephone : (0477) 2258671-5  
Fax : (0477) 2258670  
E-mail : mail@excelglasses.com

### CORPORATE OFFICE

PARIJAT HOUSE,  
2n Floor  
1076, Dr. E. Moses Road, Worli  
Mumbai - 400 018 (Maharashtra)  
Telephone : (022) 2493 3050/2492 0611  
Fax : (022) 2493 7743  
E-mail : egl@bom3.vsnl.net.in

### MARKETING OFFICES

3/D, Shree Apartments, 165, T.T.K. Road,  
Alwarpet, Chennai - 600 018. (Tamil Nadu)  
Telephone : (044) 2265 2900

★

59, 1st Cross, 1st Stage,  
Indira Nagar, Bangalore - 560 038. (Karnataka)  
Mobile Nos. : 9844051954 / 9844128945

### SHARE TRANSFER REGISTRAR

Sharex (India) Pvt. Ltd.  
17/B, Dena Bank Building, 2nd Floor, Horniman Circle,  
Fort, Mumbai-400 001 (Maharashtra)  
Telephone : (022) 2270 2485/2264 1376  
Fax : (022) 2264 1349  
E-mail : sharexindia@vsnl.com

### BOARD COMMITTEES

**Audit Committee :**  
H. P. Vyas - Chairman  
R. D. Prabhu - Member  
V. P. Shah - Member

**Shareholder Grievance Committee :**  
H. P. Vyas - Chairman  
R. D. Prabhu - Member  
V. P. Shah - Member



EXCEL GLASSES LIMITED

## FINANCIAL HIGHLIGHTS

Financial Year / Period	1997 (15 months)	1998	1999 (9 months)	2000	2001	[RS. IN LACS ]	
						2002	2003
<b>FINANCIAL DATA :</b>							
GROSS REVENUE	4162	4578	3849	5372	4838	5082	4944
LESS : EXCISE DUTY	601	670	557	713	635	652	637
LESS : SALES TAXES	90	102	88	125	115	117	147
NET REVENUE	3471	3806	3204	4534	4088	4313	4160
PBIDT	289	661	682	881	725	644	(499)
INTEREST & FINANCE CHARGES	504	644	389	480	360	432	333
DEPRECIATION	370	371	275	377	356	202	197
PROVISION FOR INCOME TAX	—	—	1	7	—	—	(1)
PAID UP EQUITY SHARE CAPITAL	434	434	434	434	1347	1347	1347
NET WORTH	2291	1938	2859	2878	3798	3811	2805
LOAN FUNDS	3339	3544	3257	3341	2428	2567	2833
FIXED ASSETS (NET BLOCK)	3668	3370	3130	2987	2718	2622	2438
WORKING CAPITAL	1962	2516	2986	3232	3507	3754	3199
<b>KEY RATIOS :</b>							
PBIDT / SALES & OTHER INCOME	0.07	0.14	0.18	0.16	0.15	0.13	(0.10)
CURRENT RATIO	3.19	3.89	5.25	6.86	14.04	14.64	5.54
DEBT / EQUITY RATIO	0.92	0.90	0.56	0.61	0.28	0.32	0.59
BOOK VALUE PER SHARE	52.98	44.96	45.34	45.78	21.52	21.36	13.75



EXCEL GLASSES LIMITED

## NOTICE

Notice is hereby given that the Thirty-Second Annual General Meeting of the Members of the Excel Glasses Limited will be held at 1.00 P.M. **Monday, the 29<sup>th</sup> September, 2003** at the Registered Office of the Company at Allapuzha (Kerala) to transact the following business :

### ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit and Loss Account for the Year ended 31st March, 2003 and the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. J. Parekh who retired by rotation and being eligible, offer himself for re-appointment.
3. To appoint a Director in place of Shri Surendra Somani who retired by rotation and being eligible, offer himself for re-appointment.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution :

**"RESOLVED** that Messrs. Joseph & Nampiathiri, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting, on a Remuneration of sum as may be fixed by the Audit Committee of the Directors of the Company".

### SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Special Resolution :

**"RESOLVED** that, in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, or any amendment or modification thereof, and subject to such other approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any Authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company ("the Board") or any Committee/ person(s) authorised by the Board, consent be and is hereby accorded to delist the Equity Shares of the Company from the Stock Exchange, Chennai.

Resolved further that the authority be and is hereby accorded to the Board or any Committee / person(s) authorised by the Board, to settle all questions, difficulties

or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for purpose of giving effect to this resolution."

By Order of the Board

**S. J PAREKH**  
CHAIRMAN

Mumbai : 31<sup>st</sup> July, 2003

### NOTES :

1. **A Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a member of the Company.** The proxies to be effective, should be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting. i.e. by 12.30 P.M. on 27th September, 2003.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is attached.
3. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board of Directors for re-appointment at the Annual General Meeting, is appearing in the Report and Accounts.
4. Members are requested to bring the admission slips alongwith their copy of the Report and Accounts to the Meeting.
5. Members holding shares in physical form and desirous of making / changing nomination in respect of their share holding in the Company, as permitted under Section 109A of the Companies Act, 1956, may submit to M/s. Sharex India Private Limited the prescribed Form 2B, which is enclosed.
6. The Register of Members and Share Transfer register will remain closed from 25th September, 2003 to 28th September, 2003 (both days inclusive).
7. Members seeking any further information about the Accounts and operations of the Company are requested to send their queries to the Company at the Registered Office, at least 10 days before the date of the Meeting.



EXCEL GLASSES LIMITED

## EXPLANATORY STATEMENT

Attached to the Notice convening the Thirty Second Annual General Meeting to be held on Monday 29th September, 2003

### Item no. 5:

The Ordinary Equity Shares of Rs. 10/- each of your Company are presently listed on the following three Stock Exchanges:

- a) The Stock Exchange, Mumbai ('BSE')
- b) Cochin Stock Exchange Ltd., Cochin.
- c) Madras Stock Exchange Ltd., Chennai.

Data on trading volumes indicates that the Company's shares which are required to be compulsorily traded in the dematerialized form, are not traded in material volumes at stock exchanges other than BSE. BSE account for more than 95% of the traded volumes of the Company's shares and have extensive networking of trading terminals, which facilitates trading by Members / Investors across the country. The trading volumes in the Company's shares on the other Stock Exchanges are either nil or insignificant. Continued listing on such Stock Exchanges neither serves the interest of the Members / Investors nor that of the Company.

The Board of Directors of your Company ('the Board') at its

meeting held on 31st July, 2003, accordingly recommended for the approval of the Members, the proposal to voluntarily delist the Company's shares from the Stock Exchanges at Chennai. The Company's shares will however continue to be listed on the BSE and Cochin Stock Exchange.

Delisting of the Company's shares from the aforesaid Stock Exchange would result in administrative convenience and saving in costs on account of listing fee, etc.

In accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, consent of the Members by way of Special Resolution is required for voluntarily delisting of the Company's shares from the aforesaid Stock Exchange.

None of the Directors of the Company is concerned or interested in this resolution.

The Board of Directors recommends these Resolutions for your approval.

By Order of the Board

**S. J PAREKH**  
CHAIRMAN

Mumbai : 31<sup>st</sup> July, 2003

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## DIRECTORS' REPORT TO THE MEMBERS

Your Directors submit their Annual Report and Audited Accounts for the financial year ended 31<sup>st</sup> March, 2003.

### FINANCIAL HIGHLIGHTS

	2003 (In Rs. '000)	2002 (In Rs. '000)
Net Sales & Other Income	41,582	43,094
Profit (Loss) before		
Depreciation & Tax	(83,201)	21,212
Depreciation	19,765	20,242
Profit (Loss) after Taxation	(1,02,966)	970

### OPERATIONS

The Company made operational losses during the year. Increase in power and fuel charges increased the cost of production substantially and market resistance to price increase particularly for the volume products contributed to the fall in turnover. This together with impact of discounts to clear old stock and under utilization of capacity impacted unfavourably on the profitability of the Company.

However, the management is taking major restructuring measures to increase the capacity utilization and marketing of new products. It is expected that these steps will contribute to the improved performance of the Company in the coming years.

### DIVIDEND

The Board of Directors do not recommend any dividend for the year in view of the losses incurred.

### PREFERENCE SHARE CAPITAL

During the year 20500 nos. 11.00% Cumulative Redeemable Preference Shares of Rs. 100 each were issued to the IFCI limited in terms of their letter dated 15.03.2002 for restructuring of the term debts availed from them.

### FIXED DEPOSITS

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

### DEPOSITORY SYSTEM

As the members are aware, your Company's Equity shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e. National Securities Depository Limited and Central Depository Services (India) Limited through share transfer registrar. In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the Company's Equity shares.

### REBUILDING OF FURNACE

The Glass melting furnace at the plant constructed in 1996 has almost completed its normal life and accordingly the management has taken decision to rebuild the entire furnace. The management has taken necessary steps to start the commercial production of the new furnace by the end of August, 2003.

### PERSONNEL

The Company faced labour unrest at the works during the years on 2-3 occasions due to various demands made by the employee unions, which the Company is not able to meet in present situation. Recently, the Company signed long term agreement with the labour unions based on bilateral negotiations and mutual gains effective for next five years.

### POWER TARIFF CONCESSION :

The power consumption by new glass plant of the Company installed in October, 1995 was eligible for concessional tariff under the Industrial Promotion Incentive Scheme declared by the Government of Kerala (Notification dated 6th February, 1992 and subsequent amendment thereof). The Director of Industries and Commerce certified our eligibility on 9th April, 1997 for a period of 5 years from October, 1995 but the Kerala State Electricity Board granted exemption only on partial consumption of power. We, therefore, filed original petition before the Hon. High Court of Kerala in 1999.

The Kerala State Electricity Board extended the concessional power period by another 214 days (i.e. upto 3rd May, 2001) due to power cut in excess of 50% or more during the concessional period of 5 years. Your Company had been advised that for period of power cut less than 50% during the concessional period of 5 years, also, it should be eligible for extension of concessional power. Accordingly, provision for power charges in the accounts has been made on the basis of concessional power tariff till March, 2002.

The KSEB has raised a demand of Rs. 443 Lacs (inclusive interest of Rs. 35 Lacs) vide their demand notice dated 31st August, 2002 based on the assumption that the Company was eligible for concessional tariff only upto 3rd May, 2001. Out of Rs. 443 Lacs, a sum of Rs. 53 Lacs is to be reimbursed by the Govt. of Kerala. Pending disposal of our original petition but to avoid the disconnection, the Company has paid a sum of Rs. 183.80 Lacs against the demand upto 31st July, 2003 and balance will be paid in future under protest in instalments granted by the KSEB.

Since your Company is contesting the above cases and contending that the Company was eligible for the concessional power tariff, it does not accept any additional liability in this behalf. Your attention is drawn to the Note No. 9 in the Schedule 15 to the Accounts.

### DIRECTORS

In accordance with the Articles of Association of your Company, Shri S. J. Parekh and Shri Surendra Somani, Directors of your Company will retire at the ensuing Annual





## EXCEL GLASSES LIMITED

General Meeting and, being eligible, offer themselves for re-appointment to the office of a Director on the Board of your Company.

### STATUTORY AUDITORS

The Auditors of the Company, Mressrs Joseph and Nampiathiri, Chartered Accountants, Allapuzha, retire at the ensuing Annual General Meeting of the Company and have given their consent for re-appointment. The Company has also received a Certificate from them under Section 224 (1-B) of the Companies Act, 1956.

### CORPORATE GOVERNANCE :

Corporate Governance and Management Discussion and Analysis Reports as well as Corporate Governance Compliance Certificate are provided in separate Annexure to this report.

### DIRECTOR'S RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors hereby confirm :

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures;

- b) that they have 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 the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d) that they had prepared the annual accounts on a going concern basis.

### APPRECIATION

Your Directors take this opportunity to thank all the Financial Institutions, Bankers, Central and State Government Departments and Local Authorities for the co-operation and assistance provided to the Company.

Your Directors also wish to place on record their appreciation of the dedicated services of the employees.

On behalf of the Board

**S. J PAREKH**  
CHAIRMAN

Mumbai : 31<sup>st</sup> July, 2003

## ANNXURE-I TO THE DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### INDUSTRY STRUCTURE AND DEVELOPMENT

The year under review was an extremely difficult period for Indian glass industry with the increase in competition with second hand glass bottle sellers and mounting raw material cost. As the realisations reached their lowest level, few closures were reported in the industry during the year under review. Consolidation in the industry is taking place and existing players are upgrading their facilities, however, due to lower return in the Glass industry, no new capacities were added during the year under review.

#### OPPORTUNITY AND THREATS

The dramatic shift in economic power from the retailer to the customer is evident in all areas of the market. Business in almost every industry, from traditional, manufacturing and packaged goods to dotcoms are battling to keep their market share. Most likely corporate will have to accept declining

customer loyalty, increasing price pressure and reliance on product promotion.

The Company is catering to the requirements of its Customers since its establishment in 1972 and accordingly the Customers loyalty is with the Company. A well-planned and organized strategy is being adopted to increase the productivity as well as to enter into new markets.

Threats are being faced from unorganized market supplying second hand bottles having low cost as they need not to pay excise duty, sales tax etc.

#### OUTLOOK

Packaged food and breweries industry, one of the key consumer of Glass Bottles, are showing double digit growth and accordingly the glass industry can also expect to have a growth.

#### IMPACT OF BUDGET 2003-2004 PROPOSALS

Union Budget 2003-2004 has not made any significant impact on the financials of the Company.



## ANNEXURE-II TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(E) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2003.

### A. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken:
- (1) Lighting circuits modified.
  - (2) Air Leakage's monitored / reduced.
  - (3) Cooling Tower Fans changed to FRP.
- (b) Proposals under implementation :
- (1) Investor Drives being planned for large blower motors.
  - (2) Capacitor Bank increase planned to further improve power supply.
- (c) Impact of energy conservation measures (a) and (b)
- (1) Energy consumption has come down.
- (d) Total energy consumption and consumption per unit:  
Refer Form A

### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

#### RESEARCH & DEVELOPMENT (R & D)

- a) Work on waste sand beneficiation is in progress.
- b) Benefits derived as a result of the above: to achieve better realisation from waste sand.
- c) Future Action Planned: To develop and adopt appropriate technology to improve quality and reduce cost of production.

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts made:
  - a) Hard surfacing of neckering and mould corners successfully implemented.
  - b) Continuous efforts being made with additives from different sources to reduce fuel oil consumption in furnace.
2. Benefits derived:
 

Improvement in quality and reduction in cost of production.

3. Details of Technology imported during the last five years.

No technology was imported in the last five years.

### C. FOREIGN EXCHANGE EARNINGS & OUTGO:

Activities relating to Exports: Exports of Glass Bottles

Total Foreign Exchange used and earned:

**Used:** Rs. 249.69 lacs (Pr. year. Rs. 371.65 lacs)

**Earned:** Rs. 126.90 lacs (Pr. Year. Rs. 183.46 lacs)

INFORMATION AS PER SECTION 217(2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2003.

The Company did not employ during the year under review any employee whose particulars are required to furnish u/s 217(2A).

#### FORM A

2002-2003 2001-2002

### A. POWER & FUEL CONSUMPTION:

#### 1. ELECTRICITY:

##### (a) Purchased

(i) Units ('000 KWH)	17258	17741
(ii) Amount (Rs. lacs)	595.35	517.34
(iii) Avg. Rate (Rs.)/Unit	3.44	2.92

##### (b) Own Generation (through Diesel Generator)

(i) Units ('000 KWH)	954	467
(ii) Units/ltr .of diesel	37.06	3.63
(iii) Avg. Rate (Rs.)/Unit	3.88	4.75

#### 2. FUEL:

##### i. LPG

(i) Quantity (MT)	743	738
(ii) Amount (Rs. lacs)	149.70	126.71
(iii) Avg. Rate (Rs.)/MT	20148	17170





## EXCEL GLASSES LIMITED

### ii. HSD / LDO / HCR / SKO

(i) Quantity (KL)	598	692
(ii) Amount (Rs. lacs)	92.47	100.69
(iii) Avg. Rate (Rs.)/KL	15475	14550

### iii. FURNACE OIL

(i) Quantity (KL)	7515	7609
(ii) Amount (Rs. lacs)	928.70	775.76
(iii) Avg. Rate (Rs.)/KL	12357	10196

B. Power Consumption: KWH	388	401
Fuel Consumption:		
LPG - Kgs.	16	16
HSD/LDO/HCR/SKO - Litres	13	12
Furnace Oil - Litres	169	168

## REPORT ON CORPORATE GOVERNANCE

### Corporate Governance

Corporate Governance is concerned with creation of long-term values for shareholders while also serving the interests of the other stake holders viz. Employees, Creditors, Customers, Governments and the Lenders.

#### 1. Company's Philosophy

The Company firmly believes in and has consistently endeavoured to practice good Corporate Governance.

The Company also, firmly believes in the values of transparency, professionalism and accountability in its dealing with its customers, dealers, employees, shareholders and with every individual who comes in contact with the Company.

#### 2. Board of Directors

The Board consists of Managing Director and Executive Director who are executive directors and eight non-executive directors including nominee directors.

There have been no materially significant related party transactions, pecuniary transaction or relationships between the Company and its Directors that may have potential conflict with the interest of the Company at large.

The remuneration of non-executive directors is decided by the Board of Directors.

A management Discussion and Analysis Report which forms a part of this Annual Report is given by means of a separate annexure and is attached to the Directors' Report.

During the year, five Board Meetings were held on 16<sup>th</sup> April, 2002, 30<sup>th</sup> April, 2002, 31<sup>st</sup> July, 2002, 31<sup>st</sup> October, 2002 and 31<sup>st</sup> January, 2003. The Maximum Interval between two meetings was 91 days.

The Composition of Directors and the attendance at the Board Meetings during the year and number of other directorship in public limited companies and Committee memberships are given below.

Name of Director	Position	Board Meetings attended during the year	Attendance at last AGM	No. of other Directorship	No. of other Committee Members
S.J.Parekh	Chairman & Non-Executive Director	3	No	27	—
Prashant Somani	Managing Director	5	No	14	1
Ravindra Somani	Executive Director	4	No	2	—
Dr. V.P.Shah	Nominee Director	5	No	1	3
B.Chandra Shekharan Nair	Nominee Director	2	No	5	—
Revi Karunakaran	Non-Executive Director	Nil	No	4	—
Susheel Somani	Non-Executive Director	4	No	15	—
Surendra Somani	Non-Executive Director	5	No	18	—
H.P.Vyas	Non-Executive Director	5	Yes	4	2
R.D.Prabhu	Non-Executive Director	5	No	5	—

#### 3. Audit Committee

The Audit Committee of the Company meets thrice a year in the following pattern. One meeting is held before finalisation of accounts and one in every six months. During the financial year ended 31<sup>st</sup> March, 2003, the Audit Committee met on 30<sup>th</sup> July, 2002, 20<sup>th</sup> December, 2002 and 31<sup>st</sup> January, 2003 and all the Committee members were present there.

The Audit Committee has been vested with the following powers:

- to investigate any activity within its terms of reference
- to seek information from any employee of the Company
- to obtain outside legal or other professional advice
- to secure attendance of outsiders with relevant expertise, if it considers necessary

#### Term of reference

The Audit Committee reviews the reports of internal auditor and the statutory auditors and periodically



discusses their findings. The major role of audit committee are as under:

- Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for other services
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:-
  - Any Changes in accounting policies and practices
  - Major accounting entries based on exercise of judgement by management
  - Qualifications in draft audit report
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any relating party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors any significant findings and flow up thereon
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting matter to the Board
- Pre and post audit discussion with the external auditors
- Reviewing the Company's financial and risk management policies

#### Composition

The Audit Committee of the Board comprises of three non-executive independent Directors namely Shri H.P. Vyas, Shri V.P. Shah and Shri R.D. Prabhu.

#### 4. Remuneration paid or payable to Directors during the financial year 2002-03

##### EXECUTIVE DIRECTORS :

Name of Director	Relationship with other Directors	Sitting Fees (inclusive of Audit Committee Sitting Fees) (Amt. in Rupees)	Salary/ Commission on Profits/ Contribution to Provident Fund (Amt. in Rupees)	Perquisites (Amt. in Rupees)	Total (Amt. in Rupees)
Prashant Somani	None	N.A.	NIL	NIL	NIL
Ravindra Somani	None	N.A.	NIL	NIL	NIL
S. J. Parekh	None	3000	N.A.	N.A.	3000
Dr. V.P.Shah	None	9000	N.A.	N.A.	9000
B.Chandra Shekharan Nair	None	2000	N.A.	N.A.	2000
Revi Karunakaran	None	NIL	N.A.	N.A.	NIL
Susheel Somani	None	4000	N.A.	N.A.	4000
Surendra Somani	None	5000	N.A.	N.A.	5000
H.P.Vyas	None	9000	N.A.	N.A.	9000
R.D.Prabhu	None	9000	N.A.	N.A.	9000

The above excludes provisions for contribution to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

#### 5. Shareholder Grievance Committee

The Board has formed a shareholder Grievance Committee consisting of the following independent Directors

Shri H.P.Vyas  
Shri R.D.Prabhu  
Shri V.P.Shah

All investor complaints which can not be settled at the level of Mr.B.G.Agarwal, Compliance Officer and Mr. KC.Ajith Kumar, the registrar is forwarded to the shareholders committee for final settlement. A share holder committee meeting was held on January 31,2003 which was attended by Shri H.P.Vyas , Shri R.D.Prabhu and Shri V.P.Shah.

The Company confirms that there were no share transfers lying pending as on 30.06.2003, and all requests for dematerialisation and rematerialisation of shares as on that date were confirmed / rejected into NSDL/CDSL system.