

ANNUAL REPORT 2000 - 2001

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GTC

INDUSTRIES LIMITED



GTC INDUSTRIES LIMITED

45TH ANNUAL GENERAL MEETING

Date	: 18th September, 2001
Day	: Tuesday
Time	: 3.00 p.m.
Venue	: Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai-400 056.
Book Closure Dates	: 11th September to 18th September, 2001 (both days inclusive)

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Stock Exchanges where Company's shares are listed

National Stock Exchange of India Ltd.
The Stock Exchange, Mumbai.
The Stock Exchange, Ahmedabad
The Calcutta Stock Exchange Association Ltd.
Madras Stock Exchange Ltd.
The Delhi Stock Exchange Association Ltd.
The Hyderabad Stock Exchange Ltd.
The Uttar Pradesh Stock Exchange Association Ltd.
The Gauhati Stock Exchange Ltd.
Vadodara Stock Exchange Ltd.

Board of Directors

Chairman

Sanjay Dalmia

Vice-Chairman

Anurag Dalmia

Directors

R. R. Kumar
Dr. P. L. Malhotra – B.I.F.R. Nominee
N. V. Joshi – Whole-time Director
Viney Mehra – Whole-time Director

Managing Director

J. P. Khetan

Vice-President (Corporate Affairs) & Secretary

Kamal K. Gupta

Auditors

Lodha & Co.

Solicitors

Khaitan & Partners

Bankers

State Bank of India
Canara Bank
Syndicate Bank
Vijaya Bank
State Bank of Bikaner & Jaipur
Allahabad Bank
The Bank of Tokyo – Mitsubishi Ltd.
United Bank of India
Punjab & Sind Bank

Registered & Share Transfer Office

Tobacco House,
Vile Parle (West),
Mumbai - 400 056.
Phone : 671 3951
Fax : 671 5481

NOTICE

NOTICE is hereby given that the Forty Fifth Annual General Meeting of the Members of GTC Industries Limited will be held on Tuesday, the 18th day of September, 2001 at 3:00 p.m., at Shri Bhaldas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai-400 056, to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 31st March, 2001, the Audited Balance Sheet as at that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Anurag Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri N. V. Joshi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this Meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to approval of the Central Government if required, the Company do hereby approves the re-appointment of Shri N.V. Joshi as the Whole-time Director of the Company, with effect from 1st October, 2001, for a period of five years or upto the date of his retirement as per the rules of the Company whichever expires earlier, on such terms and conditions, including the terms of his remuneration, perquisites/benefits as the Whole-time Director of the Company; as are set out in the Explanatory Statement attached to the Notice of this Meeting, a copy whereof initialed by the Chairman for the purpose of identification is placed before this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the said remuneration, perquisites/benefits payable to Shri N.V. Joshi as the Whole-time Director, subject to the applicable statutory provisions and approval of the Central Government, if required.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Shri N. V. Joshi as the Whole-time Director, the remuneration, perquisites/ benefits set out in the said Explanatory Statement be paid or granted to Shri N.V.Joshi as the minimum remuneration, notwithstanding the fact that such remuneration is in excess of the statutory ceiling specified in this regard as in force and amended from time to time, and necessary approval of the Central Government will be obtained as may be required, to make up the shortfalls if any, without any further reference to the shareholders."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to approval of the Central Government if required, the Company do hereby approves the re-appointment of Shri Viney Mehra as the Whole-time Director of the Company, with effect from 1st October, 2001, for a period of five years, or upto the date of his retirement as per the rules of the Company whichever expires earlier, on such terms and conditions, including the terms of his remuneration, perquisites/benefits as the Whole-time Director of the Company; as are set out in the Explanatory Statement attached to the Notice of this Meeting, a copy whereof initialed by the Chairman for the purpose of identification is placed before this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the said remuneration, perquisites/benefits payable to Shri Viney Mehra as the Whole-time Director subject to the applicable statutory provisions and approval of the Central Government, if required.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Shri Viney Mehra as the Whole-time Director, the remuneration, perquisites/ benefits set out in the said Explanatory Statement be paid or granted to Shri Viney Mehra as the minimum remuneration, notwithstanding the fact that such remuneration is in excess of the statutory ceiling specified in this regard as in force and amended from time to time, and necessary approval of the Central Government will be obtained as may be required, to make up the shortfalls if any, without any further reference to the shareholders."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contracts (Regulation) Act, 1956 and the rules framed there under, Listing Agreements,



Regulations/Guidelines of the Securities and Exchange Board of India and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the following Stock Exchanges:

The Calcutta Stock Exchange Association Ltd., Madras Stock Exchange Ltd., The Delhi Stock Exchange Association Ltd., The Stock Exchange, Ahmedabad, The Hyderabad Stock Exchange Ltd., The Uttar Pradesh Stock Exchange Association Ltd., The Gauhati Stock Exchange Ltd. and Vadodara Stock Exchange Ltd."

By Order of the Board

Place : MUMBAI
Dated : 18TH JULY, 2001.

KAMAL K. GUPTA
Vice President (Corporate Affairs) &
Secretary

Regd. Office:
Tobacco House,
Vile Parle (West), Mumbai - 400 056.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY INSTEAD OF HIMSELF. A PROXY SO APPOINTED SHALL BE ENTITLED TO VOTE ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER. AN INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 11th September, 2001 to Tuesday, the 18th September, 2001 (both days inclusive).
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto and forms part of the notice.
4. Pursuant to the provisions of Section 205A of the Companies Act, 1956, read with the provisions of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978, Members are hereby informed that all unpaid dividend up to 1993-94 declared by the Company have been transferred by the Company to General Revenue Account of the Central Government. Those Members, who have not yet claimed dividend in respect of the years upto 1993-94, are requested to apply to the office of the Registrar of Companies, Maharashtra in the prescribed manner.
5. Members holding shares in the physical form are requested to notify/send the following to facilitate better service:-
 - i) any change in their address, particularly mentioning the PIN CODE number, the Folio Number, Number of Shares held, etc.
 - ii) share certificates, held in multiple folios in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one folio.
6. Any query relating to Annual Accounts or otherwise must be sent to the Registered Office of the Company at least 10 days before the date of the Meeting.
7. Members/Proxies attending this Annual General Meeting are requested to bring with them the following:
 - i) The copy of the Annual Report as no separate copies shall be given at the time of the Annual General Meeting.
 - ii) The attendance slip sent herewith duly filled in shall be lodged with the Company at the venue. The holders of shares in demat form are requested to fill in their DP Id and Client Id in the attendance slip/proxy for easy identification. In case of joint holder(s), if more than one holder intends to attend the Meeting, they may obtain the additional admission slip(s) request from the Registered Office of the Company on or before 14th September, 2001 to avoid inconvenience.
8. Members holding shares in the physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, may file Form 2B with the Company. It is recommended that Members holding shares in their single name may opt for this facility. The format of the Nomination form can be obtained from the Company's Registered Office.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 5**

Shri N.V. Joshi was appointed as the Whole-time Director of the Company for a period of 5 years with effect from 1st October, 1996 upto 30th September, 2001 with the approval of the Members granted vide resolution passed at the 41st Annual General Meeting of the Company held on 12th March, 1997.

As the term of office of Shri N.V. Joshi as the Whole-time Director of the Company is expiring on 30th September, 2001, the Board of Directors of the Company at its Meeting held on 18th July, 2001, re-appointed Shri N.V. Joshi as the Whole-time Director of the Company with effect from 1st October, 2001 for a period of five years or upto the date of his retirement as per the rules of the Company, whichever expires earlier, on the following terms and conditions:-

- A. Salary : Rs.47,500 per month in the Grade of Rs.47,500 - 75,000/-. Annual/Periodical Increments in this grade can be granted by the Board of Directors subject to overall ceiling prescribed under the Companies Act, 1956 and approval of the Central Government, if required.
- B. Perquisites : The Whole-time Director shall be entitled to the perquisites such as Accommodation/House Rent Allowance, Medical Benefits, Group Hospitalisation Benefits, Leave Travel Allowance/Reimbursement of Expenses for self and family (for inland/foreign travel), Club Fees, Personal Accident Insurance, Privileged Leave and Encashment of unutilised Privileged Leave upon end of the term, Reimbursement of Gas, Electricity and Water Expenses; and any other benefits, facilities, allowances and reimbursement of expenses as per the Rules of the Company prescribed in this regard. The perquisites shall be restricted to the Annual Salary of the Whole-time Director.

For aforesaid purpose, "Family" means the Spouse, dependent children and dependent parents of the Whole-time Director.

C. Other Perquisites :

- i) Contribution to Provident Fund, Superannuation Fund and other retirement benefits in accordance with the rules of the Company. The Company's contribution to such funds is not to be included in the computation of the ceiling on perquisites stated above to the extent these either singly or put together are not taxable under the Income-tax Act.
- ii) Encashment of Leave at the end of the term as per the rules of the Company shall not be considered for the valuation of the perquisites.
- iii) Gratuity as per the scheme of the Company, provided the Gratuity payable shall not exceed half a month's salary for each completed year of service.
- iv) Provision of the Company's maintained car and driver's salary for use of the Company's business and telephone at residence shall not be considered as perquisites. Personal long distance calls and use of car for private purpose, if any, shall be billed by the Company to the Whole-time Director.
- v) Reimbursement of entertainment, travelling and all other actual expenses properly incurred for the purpose of the Company's business shall not be considered as remuneration.
- vi) No sitting fees to be paid for attending Meetings of the Board of Directors or any of its Committee.

In the event of absence or inadequacy of profit in any financial year, it is proposed to pay the above remuneration as the minimum remuneration, subject to the statutory provisions of the Companies Act, 1956, Schedule XIII to the same and also subject to the approval of the Central Government, if required.

During his term as a Whole-time Director, Shri N.V. Joshi shall be liable to retire by rotation as a Director of the Company.

Your Directors feel that Shri N.V. Joshi's knowledge and experience will be very helpful to the Company and the remuneration and perquisites payable to him as above are fair and reasonable and commensurate with his responsibilities.

Your Directors recommend the said resolution for your approval.

Except Shri N.V. Joshi, none of the other Directors of the Company is in any way concerned or interested in the above resolution.

The resolution given under the above head of item and this Explanatory Statement may be construed as an Abstract and Memorandum of Concern and Interest under Section 302 of the Companies Act, 1956.

ITEM NO. 6

Shri Viney Mehra was appointed as the Whole-time Director of the Company for a period of 5 years with effect from 1st October, 1996 upto 30th September, 2001 with the approval of the Members granted vide resolution passed at the 41st Annual General Meeting of the Company held on 12th March, 1997.



As the term of office of Shri Viney Mehra as the Whole-time Director of the Company is expiring on 30th September, 2001, the Board of Directors of the Company at its Meeting held on 18th July, 2001, re-appointed Shri Viney Mehra as the Whole-time Director of the Company with effect from 1st October, 2001 for a period of five years or upto the date of his retirement as per the rules of the Company, whichever expires earlier, on the following terms and conditions:-

- A. Salary : Rs.50,000 per month in the Grade of Rs.50,000 - 75,000/-. Annual/Periodical Increments in this grade can be granted by the Board of Directors, subject to overall ceiling prescribed under the Companies Act, 1956 and approval of the Central Government, if required.
- B. Perquisites : The Whole-time Director shall be entitled to the perquisites such as Accommodation/House Rent Allowance, Medical Benefits, Group Hospitalisation Benefits, Leave Travel Allowance/Reimbursement of Expenses for self and family (for inland/foreign travel), Club Fees, Personal Accident Insurance, Privileged Leave and Encashment of unutilised Privileged Leave upon end of the term, Reimbursement of Gas, Electricity and Water Expenses; and any other benefits, facilities, allowances and reimbursement of expenses as per the Rules of the Company prescribed in this regard. The perquisites shall be restricted to the Annual Salary of the Whole-time Director.

For aforesaid purpose, "Family" means the Spouse, dependent children and dependent parents of the Whole-time Director.

C. Other Perquisites :

- i) Contribution to Provident Fund, Superannuation Fund and other retirement benefits in accordance with the rules of the Company. The Company's contribution to such funds is not to be included in the computation of the ceiling on perquisites stated above to the extent these either singly or put together are not taxable under the Income-tax Act.
- ii) Encashment of Leave at the end of the term as per the rules of the Company shall not be considered for the valuation of the perquisites.
- iii) Gratuity as per the scheme of the Company, provided the Gratuity payable shall not exceed half a month's salary for each completed year of service.
- iv) Provision of the Company's maintained car and driver's salary for use of the Company's business and telephone at residence shall not be considered as perquisites. Personal long distance calls and use of car for private purpose, if any, shall be billed by the Company to the Whole-time Director.
- v) Reimbursement of entertainment, travelling and all other actual expenses properly incurred for the purpose of the Company's business shall not be considered as remuneration.
- vi) No sitting fees to be paid for attending Meetings of the Board of Directors or any of its Committee.

In the event of absence or inadequacy of profit in any financial year, it is proposed to pay the above remuneration as the minimum remuneration, subject to the statutory provisions of the Companies Act, 1956, Schedule XIII to the same and also subject to the approval of the Central Government, if required.

During his term as a Whole-time Director, Shri Viney Mehra shall be liable to retire by rotation as a Director of the Company.

Your Directors feel that Shri Viney Mehra's knowledge and experience will be very helpful to the Company and the remuneration and perquisites payable to him as above are fair and reasonable and commensurate with his responsibilities.

Your Directors recommend the said resolution for your approval.

Except Shri Viney Mehra, none of the other Directors of the Company is in any way concerned or interested in the above resolution.

The resolution given under the above head of item and this Explanatory Statement may be construed as an Abstract and Memorandum of Concern and Interest under Section 302 of the Companies Act, 1956.

ITEM NO. 7

At present, the Company's shares are listed at the following Stock Exchanges, namely National Stock Exchange of India Ltd., The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad, The Calcutta Stock Exchange Association Ltd., Madras Stock Exchange Ltd., The Delhi Stock Exchange Association Ltd., The Hyderabad Stock Exchange Ltd., The Uttar Pradesh Stock Exchange Association Ltd., The Gauhati Stock Exchange Ltd. and Vadodara Stock Exchange Ltd.

Keeping in view the insignificant trading volume at few of the stock exchanges, overall review of the efficiency of our operations and also to cut down Company's overheads, it is proposed, subject to the necessary approvals from concerned Authorities like SEBI, Stock Exchanges, etc. as may be required to discontinue Company's Listing Agreement with The Stock Exchange, Ahmedabad, The Calcutta Stock Exchange Association Ltd., Madras Stock Exchange Ltd., The Delhi Stock Exchange Association Ltd., The Hyderabad Stock Exchange Ltd., The Uttar Pradesh Stock Exchange Association Ltd., The Gauhati Stock Exchange Ltd. and Vadodara Stock Exchange Ltd.

This is not likely to affect the shareholders' interest in general, since your Company's shares will continue to be listed on The Stock Exchange, Mumbai as the Regional Stock Exchange and National Stock Exchange of India. Besides with the networking of centres of The Stock Exchange, Mumbai and National Stock Exchange of India, the members of the Company will continue to have access to online dealings in the Company's shares across the country.

In line with the Securities and Exchange Board of India's regulations for voluntary delisting of Company's shares, shareholders' approval is needed by way of special resolution.

Your Directors recommend the proposed resolution for approval of members.

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

By Order of the Board

Place : MUMBAI
Dated : 18TH JULY, 2001.

KAMAL K. GUPTA
Vice President (Corporate Affairs) &
Secretary

Regd. Office:
Tobacco House,
Vile Parle (West), Mumbai - 400 056.

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DIRECTORS' REPORT

Your Directors hereby submit their Forty Fifth Annual Report with the Audited Accounts for the year ended 31st March, 2001.

OPERATING RESULTS:

	For the year Ended 31.03.2001	For the year Ended 31.03.2000
	(Rs. in lacs.)	
Profit/(Loss) for the year before Interest, Depreciation and Extra Ordinary Items	2976.49	2345.09
Interest	2776.54	3456.14
Depreciation	66.21	60.37
Provision for Taxation (Wealth Tax)	6.72	3.00
Profit after Tax and before Extra Ordinary Items	127.02	(1174.42)
Extra Ordinary Items	(2954.91)	818.56
Balance brought forward from last year	(11268.39)	(10912.53)
Balance of loss carried over to Balance Sheet	(14096.28)	(11268.39)

EVALUATION OF PERFORMANCE:

The year under review has witnessed the third successive year of the shrinkage of the cigarette industry. However, your Directors are pleased to report that the Company has reversed the trend during the year to record a positive volume growth which in turn has consolidated the market share of the Company.

The Net Sales of the Company during the year was at Rs.46118.36 lacs as against Rs.41454.33 lacs in the previous year, showing an increase of 11.25 %. However, the Company has earned profit after tax for the year to the tune of Rs.127.02 lacs as against loss after tax of Rs. 1174.42 lacs in the previous year. This performance has been possible due to various cost saving measures taken by your Company in its operations, reduction in the interest cost burden and due to better sales realisation.

However, in view of the accumulated losses, your Directors are unable to recommend any dividend.

FUTURE OUTLOOK:

The stiff hike (15%) in Central levies on 1st March, 2001, the proposed restriction on the advertising of cigarettes and the rampant menace of smuggled cigarettes is expected to accelerate the shrinkage of the domestic industry and the growing incidence of local (State) levies is posited to increase pressure on margins.

With continued thrust in its core business, by leveraging the enviable equity of your Company's well-known Brands and by improving productivity norms, your Directors expect an improved performance in the current year. You will be pleased to learn that some of your Company's popular priced filtered Brands are now marketed in Flip Top packs, the internationally acknowledged packaging of premium cigarettes and have been received very well by the discerning Indian consumer.

Moreover, your Directors are confident that with the introduction of VAT, excise duty would be levied on an ad valorem basis, resulting in lower tax on low priced cigarettes. Since our products are basically in the popular priced segment, this will greatly benefit your Company, besides earning additional revenue to the tune of Rs. 1000-1500 crores for the national exchequer.

BIFR REFERENCE:

The revised draft rehabilitation scheme submitted to the Board for Industrial and Financial Reconstruction by the State Bank of India (Operating Agency) is under its active consideration and the final decision of the Board is expected soon.

FIXED DEPOSIT:

The total deposits as on 31st March, 2001 with the Company were Rs. 379.08 lacs, which includes unclaimed deposits of Rs. 3.87 lacs.

CONSERVATION OF ENERGY ETC.:

A statement showing details of measures undertaken towards conservation of Energy, Technology Absorption, Exports and Foreign Exchange Earnings and Outgo in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed herewith and forms part of this Report.



SUBSIDIARIES:

The following Companies continue to remain as subsidiaries of the Company and their Annual Accounts along with the Statement pursuant to Section 212 of the Companies Act, 1956 relating to the Subsidiary Companies are attached to the Accounts:

1. GTC Investment & Finance Limited.
2. Panama Investment & Finance Limited.
3. Olive Investment & Finance Limited.
4. Rajnigandha Investment & Finance Limited.
5. Golden Investment (Sikkim) Private Limited.
6. GTC Global Limited.

DEMATERIALISATION OF SHARES:

The Equity shares of your Company were admitted into both the depositories viz. NSDL and CDSL with effect from 21st September, 2000. The ISIN allotted to your Company is INE973A01010. As per SEBI's notification, compulsory trading of the Company's shares in demat form was started with effect from 25th September, 2000 in all the Stock Exchanges where the Equity shares of your Company are listed. Till date, around 23% of the shares of your Company have been converted into the electronic form.

CORPORATE GOVERNANCE & AUDIT COMMITTEE:

Your Company is committed to achieve the best standards of corporate governance. The constitution of the Board of Directors of your Company conforms to the requirements under these provisions. Pursuant to provisions of Section 292A of the Companies Act, 1956, an Audit Committee has been constituted comprising of Shri Anurag Dalmia, Shri R. R. Kumar and Shri J. P. Khetan, the Directors of the Company as its Members. Further, it has already taken the initiative to comply with the other recommendations of the code of Corporate Governance well before the prescribed time. Under the listing agreement with the Stock Exchanges, your Company is required to implement the code of Corporate Governance by the end of the financial year 2001-2002. Hence, the present Annual Report for the financial year 2000-2001 does not contain a detailed section on the code of Corporate Governance.

EMPLOYEES:

The relations with the employees at the Head Office, Plants and other Regional Offices of the Company have generally been cordial.

Information as per sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the year ended 31st March, 2001 has been given as annexure hereto and the same forms part of this report.

DIRECTORS:

Shri Anurag Dalmia and Shri N. V. Joshi retire by rotation as the Directors of the Company and being eligible, have offered themselves for re-appointment.

Shri N.V.Joshi and Shri Viney Mehra were appointed as Whole-time Directors of your Company for a period of five years with effect from 1st October, 1996 and their term of appointment will expire on 30th September, 2001. The Board of Directors of your Company at its meeting held on 18th July, 2001 have re-appointed Shri N.V.Joshi and Shri Viney Mehra as the Whole-time Directors of the Company with effect from 1st October, 2001 on the terms and conditions as mentioned in the Notice convening the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm that they have:

- (i) followed the applicable accounting standards in the preparation of the annual accounts for the year ended 31st March, 2001 along with proper explanation relating to material departures;
- (ii) selected such accounting policies and applied them consistently and made such 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 for the financial year ended 31st March, 2001 and of the loss of the Company for that period;
- (iii) 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 the Company and for preventing and detecting fraud and other irregularities;
- (iv) prepared the annual accounts on a going concern basis.

AUDITORS' REPORT:

With reference to the observations made by the Auditors in their report, the Directors wish to state that the notes forming part of the Company's accounts are self explanatory, and hence do not require any further explanation.



AUDITORS:

M/s Lodha & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The declaration under Section 224(1B) of the Companies Act, 1956 has been received from them.

LISTING OF EQUITY SHARES:

The Company has paid the Listing fee for the year 2001-2002 to all the Stock Exchanges where the Company's shares are listed.

Subject to necessary approvals as may be required, the Company proposes to delist its shares from The Calcutta Stock Exchange Association Ltd., Madras Stock Exchange Ltd., The Stock Exchange, Ahmedabad, The Delhi Stock Exchange Association Ltd., The Hyderabad Stock Exchange Ltd., The Uttar Pradesh Stock Exchange Association Ltd., The Gauhati Stock Exchange Ltd. and Vadodara Stock Exchange Ltd., where there has been very insignificant trading in the shares of the Company.

ACKNOWLEDGEMENT:

Your Directors express their deep gratitude and sincere appreciation for the continued assistance and co-operation extended to the Company by Bankers, Financial Institutions, Business Associates, Employees and above all the Shareholders of the Company who continue to repose utmost faith in the Company.

For and on behalf of the Board

SANJAY DALMIA
CHAIRMAN

Place : MUMBAI
Dated : 18TH JULY, 2001.

