

# THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED



**123<sup>rd</sup> Annual Report**  
**OCTOBER 2003 – SEPTEMBER 2004**



# THE HINDOOSTAN SPINNING AND WEAVING MILLS LIMITED

## DIRECTORS

**SUDHIR THACKERSEY**  
*Chairman & Managing Director*

**CHANDRAHAS K. THACKERSEY**  
*Executive Director*

**JAGDISH U. THACKERSEY**  
*Executive Director*

**RAOUL S. THACKERSEY**  
*Executive Director*

**M. R. B. PUNJA**

**D. M. POPAT**

**R. N. BANSAL**

**D. S. ALVA**

**P. B. DESAI**

**Y. A. MANKAD (NOMINEE - IDBI)**

**R.V. IYER (SPECIAL DIRECTOR - BIFR)**

## SOLICITORS

**MULLA & MULLA AND**  
**CRAIGIE BLUNT & CAROE**  
**FEDERAL & RASHMIKANT**  
**MANILAL KHER AMBALAL & CO.**

## AUDITORS

**C. C. CHOKSHI & CO.**  
*Chartered Accountants*

## BANKERS

**BANK OF INDIA**  
**PUNJAB NATIONAL BANK**  
**UCO BANK**  
**SYNDICATE BANK**  
**ICICI BANK LIMITED**  
**CANARA BANK**  
**UNION BANK OF INDIA**

## REGISTERED OFFICE

**SIR VITHALDAS CHAMBERS**  
**16, MUMBAI SAMACHAR MARG**  
**MUMBAI - 400 001**

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**123<sup>RD</sup> ANNUAL GENERAL MEETING ON  
WEDNESDAY, THE 9<sup>TH</sup> MARCH, 2005 AT 11.00 A.M.  
AT "PATKAR HALL", MUMBAI - 400 020.**

**A NOTICE OF ANNUAL GENERAL MEETING IS  
ENCLOSED HERewith.**

**Shareholders are requested to bring their copies  
of the Annual Report along with them at the  
Annual General Meeting.**



## DIRECTORS' REPORT

TO  
THE MEMBERS,

Your Directors present herewith the 123<sup>rd</sup> Annual Report together with the audited Statement of Accounts for the year ended 30<sup>th</sup> September 2004.

### SUMMARISED FINANCIAL RESULTS

	Current Year 30.9.2004	Previous Year 30.9.2003
	Rs. in lakhs	Rs. in lakhs
Gross Profit/(Loss) for the year before Interest, Depreciation and Tax (PBIDT)	27660.32	(3982.47)
Interest	332.62	2681.74
Gross Profit/(Loss) after Interest but before Depreciation (PBD)	27327.70	(6664.21)
Depreciation	848.76	1013.40
Profit/(Loss) before Taxation	26478.94	(7677.61)
Provision for Wealth Tax (Net)	0.60	0.23
Profit/(Loss) after Tax	26478.34	(7677.84)
(Loss) as per Profit & Loss Account brought forward from last year	(26219.06)	(18541.22)
Balance in Profit & Loss Account carried to Balance Sheet	259.28	(26219.06)

The profit for the year is only on account of gain on transfer / assignments and relief / concession on restructuring of loans as one time adjustment due to the implementation of the scheme sanctioned by the Board for Industrial and Financial Reconstruction (BIFR).

### DIVIDEND

Due to financial constraints, the Directors regret their inability to declare any dividend for the year ended 30<sup>th</sup> September 2004.

### COMPANY RESULTS

The sales turnover for the current year was lower at Rs.56.71 crores against Rs.75.39 crores in the previous year. The figures are not comparable because some manufacturing operations were discontinued in the Mumbai units after January 2003. The company's exports for the current year, however, were higher at Rs.28 crores as against Rs.21 crores last year.

### CLOSURE OF MUMBAI UNITS

As reported last year, the Industrial Tribunal has, vide its award dated 21.2.2004 upheld the Labour Commissioner's Order for closure of Crown Mill Unit and Prabhadevi Unit of the Company. The unrecognized union has gone in appeal before Mumbai High Court against the Tribunal's award upholding the closure.

Your company has also filed an appeal against the Tribunal's direction for payment of a much higher amount as compensation against what is payable under section 25(o) of the Industrial Disputes Act. Hon'ble Mumbai High Court has stayed the operation of these directions. The matter was finally heard by the High Court in December '04 and the judgment is expected to be given shortly.

### WORKERS' LIABILITIES

In terms of VRS Agreement signed in March 2002, post dated cheques (PDCs) given to the workers of Mahalaxmi unit on their resignations have been cleared upto September '04 and only an amount of about Rs.3.90 crores remains to be paid.

On signing the VRS Agreements in December 2002, all workers of Crown Mill unit and Prabhadevi unit, except 597 workers, opted to resign. PDCs amounting to Rs.42.33 crores were given to the workers who resigned and out of which, Rs.8.06 crores has been cleared. The balance PDC amounts will be cleared once the permissions for development of land at Crown Mill unit and Prabhadevi unit are received from the Government of Maharashtra.

### REHABILITATION SCHEME

You are aware that Hon'ble BIFR, at its meeting held on 1.4.2004, sanctioned company's Rehabilitation Scheme and necessary effects of the Sanctioned Scheme have been incorporated in the financial results for the year ended 30.9.2004.

The Sanctioned Scheme envisages operational restructuring including closure of Mumbai units, corporate restructuring and the financial restructuring of the company. Under the Corporate Restructuring, existing company has been demerged into 4 entities viz.

3 Special Purpose Vehicles (SPVs) for company's 3 properties at Mahalaxmi, Prabhadevi and Dadar and the 4th entity being the residual company continuing textile operations only at Karad.

Necessary registration formalities with the Registrar of Companies, Mumbai and the Sub-Registrar of Assurances, Mumbai have been completed in May 2004 and July 2004 respectively. Mutation of records at Collector's Office has also been completed in August 04 whereby the revenue records now reflect transfer and ownership of assets in the names of 3 SPVs viz. Capricorn Realty Ltd (SPV for Mahalaxmi unit), Chaitra Realty Ltd. (SPV for Prabhadevi unit) and Bhishma Realty Ltd. (SPV for Dadar unit).

All secured lenders have exercised their options for recovery of debts under the scheme. ICICI Bank, IDBI, Union Bank, UCO Bank and Punjab National Bank (for part debt) have exercised Debt Asset Swap Option while Bank of India, Canara Bank, Syndicate Bank and Punjab National Bank (for balance debt) have exercised NCD Option. These options are incorporated in the Development Agreement for Mahalaxmi property which is also signed by all secured lenders. The Secured Lenders opting for NCD Option have been issued Letters of Allotment against NCDs by respective 3 SPVs. IDBI Trusteeship Services Ltd. have been appointed as Security Trustees and the Debenture Trustees pursuant to the Scheme.

The company has preferred an appeal before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) seeking its directions for effective and expeditious implementation of the Sanctioned Scheme with particular reference to reliefs and concessions sought from Government department / agencies on the basis of their deemed consent. The appeal is admitted in December '04 and is pending hearing by the AAIFR.

The unrecognised union has also filed an appeal before AAIFR challenging the BIFR order dated 1.4.2004 sanctioning the Scheme. We are pleased to inform you that this appeal was heard by AAIFR and AAIFR has dismissed their appeal vide their order dated 23.12.04.

## **DEVELOPMENT OF LAND AT MUMBAI UNITS**

### **Mahalaxmi Property**

Pursuant to the Sanctioned Scheme, the Development Agreement (DA) was executed on 24.8.2004 with M/s. K. Raheja Corp. Pvt. Ltd. for development of Mahalaxmi property. On execution of the DA, the Developer has given advance of Rs.40 crores which is utilized for payment of workers dues and other development expenses. Other formalities are being completed and the construction work is likely to start soon.

### **Crown Mills Property & Prabhadevi Property**

The Asset Sale Committee formed under the Scheme, has approved the appointment of M/s. K. Raheja Universal Pvt. Ltd. as the developer for a portion of land (3800 sq.mtrs.) at

Crown Mill unit, Dadar, for which Govt. approval was already received.

As regards development of balance portion of land at Crown mill unit, Dadar and Prabhadevi unit, the company is awaiting approval of the State Government.

## **ISSUE OF SPV SHARES**

A record date of 24.9.2004 was fixed for issue of shares of 3 SPVs viz. Capricorn Realty Ltd (SPV for Mahalaxmi unit), Chaitra Realty Ltd. (SPV for Prabhadevi unit) and Bhishma Realty Ltd. (SPV for Dadar unit) to existing shareholders of the Company as on the record date and the process of issue of SPV shares would be completed during January 2005.

## **DELISTING OF EQUITY SHARES AT NSE**

As approved by the Members last year, company had applied to National Stock Exchange of India Ltd. (NSE) for delisting of its equity shares and necessary documents and clarifications have since been furnished and the confirmation of delisting from NSE is awaited. On receipt of such confirmation, the shareholders and Stock Exchange will be duly informed accordingly.

## **SUBSIDIARY COMPANIES**

As required under Section 212 of the companies Act, the Audited Accounts of company's two subsidiaries viz. Makarand Investment Ltd., and Satark Investment Ltd., along with their Auditors Reports for the period 1.10.2003 to 27.3.2004 are annexed.

As reported last year, these two subsidiaries do not intend to carry out any business activity in future and have applied in March 2004 to Registrar of Companies for striking off their names as per Section 560 of the Companies Act, 1956 under simplified exit scheme, 2003 and the intimation of removal of names by the Registrar of Companies, Mumbai, is awaited.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company has been making continuous efforts to conserve energy and upgrade / absorb technology.

A statement containing information required under 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 and forming part of this Report is annexed herewith.

## **INSURANCE**

Adequate insurance cover has been taken for all the properties and insurable interests of the Company.

## **FIXED DEPOSITS**

In view of negative net worth in the past, the company had already suspended acceptance / renewal of fixed deposits from Public and Shareholders. Despite several reminders, deposits of Rs.0.83 lakhs from 11 deposit holders remained unclaimed as on 30.9.04. The company has been following up with these depositors so as to repay the unclaimed deposits.



## PARTICULARS OF EMPLOYEES

There are no employees covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreements with Stock Exchanges, the cash flow statement for the year ended 30.9.2004 is annexed herewith.

## CONSOLIDATED ACCOUNTS

The company holds investments in equity shares of Rs.1 lakh each, in the two subsidiary companies viz; Satark Investments Limited and Makarand Investments Limited. The said subsidiary companies do not intend to do any business activity in future and have made an application under section 560 of the Companies Act, 1956 for striking off the name of such companies and Order from the Registrar of Companies is awaited. In view of this, the company being the holding company, has already made a provision in the accounts towards diminution in the value of such investments. Consequently, considering that the control is intended to be temporary, pending final Order from the Registrar of Companies, the accounts of the said subsidiaries have not been consolidated and no consolidated accounts have been prepared by the holding company.

## TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, unpaid dividend for the financial year ended 31<sup>st</sup> March '97, falling due in October '04 has since been transferred to the Investor Education and Protection Fund of the Central Government.

## DIRECTORS

In accordance with Article 139 of the Articles of Association of the Company, Mr. R.N. Bansal, Mr. P.B. Desai and Mr. Jagdish U. Thackersey retire by the rotation and they, being eligible, offer themselves for re-appointment.

In exercise of powers conferred under Section 16 (4) of SICA, Hon'ble BIFR have appointed Mr. R.V. Iyer as Special Director on Company's Board w.e.f. 23.11.2004. The Board welcomes him and looks forward to his valued contribution and guidance.

## DEPOSITORY SYSTEM

In terms of a notification issued by the Securities and Exchange Board of India (SEBI), trading in Equity Shares of your Company is permitted only in dematerialised (electronic) form with effect from 25<sup>th</sup> June, 2001. Your Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the shareholders to hold shares in dematerialised form. Since dematerialization facilitates quick share transfers and prevents possibilities of forging of documents, those shareholders who have not opted for this

facility are advised to dematerialise their shares with either of the Depositories through their depository participants.

## DIRECTORS RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) 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 30<sup>th</sup> September, 2004 and of the profit of the company for the year ended 30<sup>th</sup> September, 2004;
- (iii) they 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 frauds and other irregularities;
- (iv) they have prepared the Annual Accounts on a "going concern" basis.

## CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a separate report on Corporate Governance is included in the Annual Report and the certificate from the company's Auditors confirming compliance of conditions on Corporate Governance, is annexed hereto.

## AUDITORS

The retiring Auditors, M/s. C.C. Chokshi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment. You are requested to appoint the Auditors to hold office from the conclusion of the meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Auditors observations in the Annexure to the Auditors Report (CARO Report) read with the notes forming part of the accounts are self-explanatory. Delay in payment of statutory dues was due to financial crunch and all statutory dues have since been paid / settled as mentioned in the Auditors Report.

## APPRECIATION

The Board of Directors places on record its deep appreciation for continued co-operation and excellent support extended to the company by the Operating Agency, Secured Lenders and the Shareholders during the period under review. The Board expresses its sincere appreciation to the dedicated and committed employees at all levels.

For and on behalf of the Board of Directors,

**SUDHIR THACKERSEY**

*Chairman & Managing Director*

Mumbai, 6<sup>th</sup> January 2005

**INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30<sup>TH</sup> SEPTEMBER 2004.**

**A. CONSERVATION OF ENERGY**

The company has been making continuous efforts to conserve energy. Few major steps taken during the year are as follows: -

**(a) Energy Conservation Measures Taken**

- (i) MSEB approved additional maximum demand from January 2004, which had given substantial savings to the Company.
- (ii) Company has appointed Energy Consultants to identify saving potentials in energy utilization. They have studied our plant and suggested some measures, which are under implementation.
- (iii) Carried out training session for staff and workers regarding energy conservation systems.
- (iv) Called Boiler manufacturer's service engineers to make an adjustment of burner on boiler to save furnace oil consumption.
- (v) Replaced old and added additional more capacitors to improve power factor.
- (vi) DG overhauling carried out to improve specific fuel consumption.
- (vii) Staggering of machines to reduce maximum demand and minimise power consumption.
- (viii) Replacement of conventional chokes by high performance electronic chokes.
- (ix) Effective and controlled operation of humidification plant.
- (x) Heating of boiler feed water by condensate recovery system.
- (xi) Controlled steam pressure for fuel saving in boilers.

**(b) Additional Investments and proposal, if any, being implemented for reduction of consumption of energy.**

Installation of 20 Nos. each 25 KVAR Capacitors.

**(c) Impact**

- (i) The energy conservation measures have enabled the company to maintain the cost of utilities and power generation cost.
- (ii) Reduction in consumption of power and fuel.

**(d) Form for disclosure of particulars with respect to conservation of energy.**

	Current Year (12 months)	Previous Year (12 months)
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**A. Power & Fuel Consumption**

**1. Electricity**

(a) Purchased Units ('000 KWH)	7939	7839
<b>Total Amount ('000 Rs.)</b>	<b>27241</b>	<b>35828</b>
Rate/Unit (Rs. per KWH)	3.43	4.57

**(b) Own Generation**

Through Diesel Generator Units ('000 KWH)	3185	6853
Units per ltr. of diesel oil	3.28	3.36
Cost/Unit (Rs. per KWH)	5.33	4.92

**2. Furnace Oil**

Quantity (K.Ltrs.)	1077	878
<b>Total Amount ('000 Rs.)</b>	<b>13829</b>	<b>11757</b>
Average Rate (Rs. per K.Ltr.)	12841	13396

**3. LSHS**

Quantity (Tons)	—	387
<b>Total Amount ('000 Rs.)</b>	—	5986
Average Rate (Rs. per M.T.)	—	15463

**B. Consumption per Unit of Production:**

Product-Grey & Finished Cotton & Blended Textiles.

	Standard If any	Current Year (12 mths)	Previous Year (12 mths)
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**1. Electricity:**

(Purchased & Generation)

KWH/Metre of Grey Production	—	1.100	1.306
KWH/Sq.Metre of Grey Production	—	0.735	0.820
KWH/Metre of Wet Processing	—	—	0.346
KWH/Kg. of Wet Processing	—	—	1.728





**2. LSHS/Furnace Oil**

(Furnace oil converted to equivalent LSHS)

Kgs./Metre of Grey Production	-	0.100	0.082
Kgs./Sq. Mtr. of Grey Production	-	0.067	0.052
Kgs./Metre of Wet Processing	-	—	0.175
Kgs./Kg. of Wet Processing	-	—	0.874

**3. Expenditure on R & D.**

(Rupees in lakhs)

(a) Capital	—
(b) Recurring	—
(c) Total	—
(d) Total R & D Expenditure as percentage of total turnover.	—

**B. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION AS PER FORM B.**

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

**1. Specific areas in which R & D carried out by the Company.**

- Evaluation of process control norms in the spinning department to accommodate low cost mixing without affecting the present yarn parameters.
- Project in sizing was carried out in conjunction with research institution (BTRA) with a goal to reduce sizing cost per Kg. of yarn for different sorts.
- These projects were undertaken in addition to normal research and development activities required in the mill for new product development and to provide technical guidelines to production personnel in order to run mill operations smoothly.

**2. Benefit derived as a result of the above R & D.**

- ❖ The project was accomplished successfully and achievements were overall cost of each yarn counts manufactured were reduced, meeting customer need and satisfaction.
- ❖ Project has been accomplished successfully and benefit of cost reduction has been attained and sizing cost per Kg. is being brought down without affecting the weaving shed performance both in productivity and quality.

**Technology absorption, adaptation and innovation**

1. Our endeavour is to have perpetual research to suit the requirements of changing market demands.
2. Information regarding technology imported during the last five years.
  - (a) Technology Imported. Nil
  - (b) Year of Imported Not Applicable
  - (c) Has Technology been fully absorbed Not Applicable
  - (d) If not fully absorbed, areas where this has not taken place, thereof and future plans of action. Not applicable

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Despite severe competition and adverse market condition in quota and non-quota countries, the company has been able to achieve the exports at Rs.2837.71 lakhs (FOB).

- (a) The company's efforts continue in the areas of development and identification of new export markets in quota and non-quota countries.
- (b) Total Foreign Exchange used and earned.

(Rs. in lakhs)

Used	144.44
Earned	2837.71

The company continues inhouse development of textile fabrics.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry structure and developments

Textile Industry occupies an important place in Indian economy accounting for over 25% of India's exports and generating largest employment in the country. Un-organised sector like power-looms and handlooms play a dominant role as their cost of production is comparatively lower than that of organized mills due to low labour cost and overheads as well as various concessions in duties and taxes available to them at the cost of organised sector.

The uneven competition and absence of level playing ground make textile operations of organised sector unviable forcing many composite mills particularly in Mumbai to gradually close down. The company has already closed down its unviable units in Mumbai and has consolidated its textile operations outside Mumbai at its Karad unit after shifting some machinery from its Mumbai units.

### Opportunities and Threats

With the dismantling of the quota system from January 2005 onwards, unlimited opportunities would be available in the seamless global market for the organised sector to become outsourcing points for global players as also to develop new markets.

However, at the same time, such developments would bring in stiffer competition from cost-effective countries such as China, Indonesia, Pakistan, Bangladesh etc. However, the Government being conscious to these changes, one can expect it to provide level playing field to all sectors of industry and support industry's efforts in upgrading and modernising facilities to face such competition in the coming years.

### Review and analysis

Company's rehabilitation scheme was sanctioned by BIFR in April 2004 and necessary effects of the Sanctioned Scheme have been incorporated in the financial results for the year ended 30.9.2004. Company is continuing its textile operations only at Karad since its Mumbai operations have already been closed since January '03. The sales turnover for the year 2003-04 was lower than the previous year's turnover which was inclusive of Mumbai operations for the 1<sup>st</sup> quarter of 2002-03. However, exports during 2003-04 were higher compared to that in the previous year.

### Outlook

As per the Sanctioned Scheme, the company has been demerged into 4 entities viz. 3 SPVs for its 3 locations in Mumbai at Mahalaxmi, Dadar and Prabhadevi and the 4<sup>th</sup> entity being residual company having textile operations at Karad where production costs are lower compared to Mumbai. As per the scheme, these 3 SPVs would carry out joint development / sale of company's properties assigned to them and will settle statutory dues, the dues of workers and secured lenders from the sale proceeds.

India has a large domestic market having great potential especially for cotton fabrics. In a Quota free regime, there is tremendous potential also for exporting cotton products globally. Thackersey Fabrics is already an established brand. On achieving full capacity utilisation at Karad, the residual company, being a debt free unit, is expected to improve its performance by capitalizing on its established brand.

### Risk and Concerns

With the abolition of quota restrictions, import of textile fabrics and cotton would be freely allowed and therefore, fabric prices will always remain under pressure. It would be necessary for the industry to gear itself to meet stiffer competition from countries like China, Pakistan, Indonesia etc. Our major exports are contracted in US Dollars and the current strengthening of Indian Rupee against US Dollar would have impact on export realisations.

### Internal Control Systems and their adequacy

The company has an adequate Internal Control systems to ensure that all its assets are properly safeguarded. Internal Control systems are supplemented by internal audits conducted periodically by an independent firm of Chartered Accountants. Various economy measures and improvements in various areas suggested by them are discussed in the Audit Committee meetings for implementation.

### Human Resources / Industrial Relations

In terms of VRS agreements signed with the recognised union (RMMS), all workers of Mumbai units except about 597 workers of Crown Mill unit and Prabhadevi unit, had resigned and opted for VRS. Industrial relations continued to be cordial during the year. Company has been fighting legal cases filed by the un-recognised union representing these 597 workers. All Mumbai units are closed and the company had 291 employees (permanent) including 272 of Karad unit as on 30.9.2004. Measures of safety of employees, training, welfare and development continued to receive top priorities.

### Cautionary Statement

The statements in this report describing company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. The company assumes no responsibility in respect of "forward looking statements" which are based on certain assumptions and expectations of future events which are not within company's control. Actual results could defer materially from those expressed or implied on the basis of subsequent developments, events or information.

Important factors that could make a difference to company's operations include raw material costs and its availability, market conditions, changes in Government policies, tax structure and over all economic developments within and outside India and other incidental factors.





## CORPORATE GOVERNANCE

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

Your Company believes in good Corporate Governance and transparency in its dealings with its stakeholders, deposit-holders, creditors, Government Depts., Financial Institutions, Banks, consumers and employees. With this objective, the company is in process of continuously up-grading its system to bring in more transparency and efficiency in its business.

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, shareholders and investors of the Company would have found the information very useful.

### 2. Board of Directors:

The Company's Board of Directors comprises of total 11 Directors including 5 independent Directors, 1 Nominee Director from a Financial Institution and 1 Special Director appointed by BIFR. The Non-Executive Directors are eminent professionals with experience in business and industry, finance, law and public enterprises. The composition of Board is as under:-

Name of the Directors	Whether Promoter, Executive or Non-Executive/Independent	No. of outside Directorship held	No. of Board Committees of other Companies in which a Member
1. Mr. Sudhir Thackersey	Chairman & Managing Director Promoter	5	1
2. Mr. Chandrahas K. Thackersey	Executive Director Promoter	7	1
3. Mr. Jagdish U. Thackersey	Executive Director Promoter	9	1
4. Mr. Raoul S. Thackersey	Executive Director Promoter	9	—
5. Mr. M.R.B. Punja	Non-Executive & Independent	10	7 (Chairman of 4)
6. Mr. D.M. Popat	Non-Executive & Independent	6	—
7. Mr. R.N. Bansal	Non-Executive & Independent	8	9 (Chairman of 4)
8. Mr. D.S. Alva	Non-Executive & Independent	3	3 (Chairman of 2)
9. Mr. P.B. Desai	Non-Executive & Independent	1	—
10. Mr. D.D. Gudsoorkar (Ceased to be the director w.e.f. 20.10.2003)	Non-Executive & Independent IDBI Nominee	—	—
11. Mr. Y.A. Mankad (Appointed w.e.f. 20.10.2003)	Non-Executive & Independent IDBI Nominee	1	—
12. Mr. R.V. Iyer (Appointed w.e.f. 23.11.2004)	Special Director – BIFR	3	—

### Board Meetings & AGM:

During the year under review, 7 Board Meetings were held, the dates being 18<sup>th</sup> December, 2003, 6<sup>th</sup> January, 2004, 25<sup>th</sup> February, 2004, 19<sup>th</sup> April, 2004, 29<sup>th</sup> April, 2004, 16<sup>th</sup> June, 2004 and 8<sup>th</sup> September, 2004.

The last AGM was held on 16<sup>th</sup> June, 2004.

Details of attendance of each Director at the Board Meetings and AGM are given below:

Directors	No. of Board Meetings attended	Whether attended last AGM
Mr. Sudhir Thackersey	7	Yes
Mr. Chandrabas K. Thackersey	7	Yes
Mr. Jagdish U. Thackersey	4	Yes
Mr. Raoul S. Thackersey	6	Yes
Mr. M.R.B. Punja	4	Yes
Mr. D.M. Popat	3	Yes
Mr. R.N. Bansal	5	Yes
Mr. D.S. Alva	7	Yes
Mr. P.B. Desai	7	Yes
Mr. D.D. Gudsoorkar (Ceased to be the Director w.e.f. 20.10.03)	—	No
Mr. Y.A. Mankad (Appointed w.e.f. 23.10.03)	7	Yes
Mr. R.V. Iyer (Appointed w.e.f. 23.11.04)	—	No

### 3. Board Committees:

The Board has constituted the following Committees of Directors:

#### (a) Audit Committee:

The Audit Committee constituted by the Board consist of 3 Non-Executive Independent Directors and 1 Executive Director as under:-

1. Mr. P.B. Desai - Chairman - Independent, Non-Executive
2. Mr. D.S. Alva - Member - Independent, Non-Executive
3. Mr. M.R.B. Punja - Member - Independent, Non-Executive
4. Mr. C.K. Thackersey - Member - Executive Director

The independent Directors are the eminent professionals possessing knowledge of Corporate Finance, Accounts and Company Law.

#### Terms of Reference :

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

description of the terms of reference of the Audit Committee is as under:-

To review Internal Audit Reports, Statutory Auditor's Report on financial statements, to generally interact with Internal Auditors and Statutory Auditors, to review weaknesses in internal controls, to select, establish and review Accounting Policies, risk management policies and to review financial statements before submission to the Board.

At a special invitation, Statutory Auditors, Internal Auditors, President, Sr. Vice President (Finance) attended the Audit Committee meetings to clarify points raised by the Committee.

During the period under review, three meetings of the Audit Committee were held, the dates being 6<sup>th</sup> January, 2004, 19<sup>th</sup> April, 2004 and 8<sup>th</sup> September, 2004.

Details of attendance of each member at the Audit Committee are as follows:

Name	No. of Audit Committee Meetings attended
Mr. P.B. Desai	3
Mr. D.S. Alva	3
Mr. M.R.B. Punja	3
Mr. C.K. Thackersey	3

#### (b) Remuneration Committee:

#### Terms of reference :

The committee is vested with the responsibility to function as per SEBI guidelines and recommends to the Board the compensation package for the Wholtime Directors and fees payable to non-executive Directors besides framing guidelines for overall compensation packages to motivate and retain employees. The minutes of Remuneration Committee are noted by the Board at Board Meetings.

The composition of the Remuneration Committee is as under

Mr. D.M. Popat - Chairman - Independent Director

Mr. D.S. Alva - Independent Director

Mr. P.B. Desai - Independent Director

During the year from 1<sup>st</sup> October, 2003 to 30<sup>th</sup> September, 2004, one meeting was held on 10<sup>th</sup> December, 2003, wherein all the members of the Remuneration Committee were present.