

INDOKEM LIMITED



INDOKEM

**37th Annual Report
2002-2003**

37TH ANNUAL REPORT 2002-2003



INDOKEM LIMITED

BOARD OF DIRECTORS

: SHRI MAHENDRA K. KHATAU
Chairman & Managing Director
 SHRI N.S. PARULEKAR
 SHRI ANIL K. KHATAU
 SMT. LEELA K. KHATAU
 SHRI M. SARIN
Executive Director
 SHRI V.K. SHARMA
(Nominee of UTI)

AUDIT COMMITTEE

: SHRI N.S. PARULEKAR
Chairman
 SHRI MAHENDRA K. KHATAU
 SHRI ANIL K. KHATAU

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

: SHRI N.S. PARULEKAR
Chairman
 SHRI MAHENDRA K. KHATAU
 SHRI ANIL K. KHATAU

COMPANY SECRETARY

: SHRI H.K. BIJLANI

BANKERS

: UNION BANK OF INDIA
 STATE BANK OF TRAVANCORE
 DEVELOPMENT CREDIT BANK LIMITED
 BANK OF INDIA
 STATE BANK OF INDIA COMMERCIAL & INTERNATIONAL BANK LTD.
 ANDHRA BANK
 THE SHAMRAO VITHAL CO-OP. BANK LTD.

AUDITORS

: M/s. NANUBHAI DESAI & COMPANY

REGISTRAR & SHARE TRANSFER AGENTS

: M/s. SHAREX (INDIA) PVT. LTD.
 : 17/B, Dena Bank Building, 2nd Floor,
 Horniman Circle, Fort, Mumbai - 400 001.
 Tel. No.: 22702485/22641376
 Fax No.: 22641349

REGISTERED OFFICE

: Khatau House, 1st Floor
 Mogul Lane, Mahim (West),
 Mumbai - 400 016.
 Tel. No. 24461975/24450050
 Fax No.: 91-22-24458139/24440826/24450016

FACTORY

: Plot No. 2900
 GIDC Industrial Estate
 District Bharuch
 Ankleshwar, GUJARAT



NOTICE

NOTICE is hereby given that the Thirty-Seventh Annual General Meeting of the Members of Indokem Limited (formerly known as Khatau Junker Limited) will be held at Khatau House, First Floor, Mogul Lane, Mahim (W), Mumbai - 400 016 on Monday the 8th September, 2003 at 11.30 A.M. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2003 and the 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 Mr. Anil K. Khatau, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. N.S. Parulekar, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office:
Khatau House, 1st Floor, Mogul Lane,
Mahim, Mumbai - 400 016.

Dated: 1st August, 2003

By Order of the Board
For INDOKEM LIMITED

H. K. BIJLANI
Sr. General Manager - Secretary & Legal

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Transfer Books of the Company will remain closed from Tuesday the 2nd September, 2003 to Friday the 5th September, 2003 (both days inclusive).
3. Members are requested to notify any change of their address incl. Transfer etc. to the Company's Share Registrars & Transfer Agent Office at Sharex (India) Pvt. Ltd. 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001 or at Regd. Office Khatau House, Mogul Lane, Mahim (W), Mumbai - 400 016.
4. INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT :

Name	Age	Qualification	Experience	Other Directorships
Mr. Anil K. Khatau	43	B.S. (Text.)	Industrialist (19 years)	1) Khatau Ecco Ltd. 2) Carona Ltd. 3) Refnol Resins & Chemicals Ltd. 4) Sovereign Trading Enterprises Limited 5) Khatau Holdings & Trading Co. P. Ltd. 6) Vindhya Priya Holdings Pvt. Ltd. 7) Khatau Makanji & Co. Pvt. Ltd. 8) Carona Exim Ltd. 9) Priyanilgiri Holdings P. Ltd. 10) Khatau Leasing & Finance Co. Pvt. Ltd. 11) MKK Holdings Pvt. Ltd. 12) Makem Financial & Consultancy Services P. Ltd. 13) Scintillator Finance & Investments P. Ltd. 14) Bizzarinni Finance & Investments P. Ltd.
Mr. N.S. Parulekar	76	B.Com; LLB; CAIIB	Banking & Management	1) New Era Fabrics Ltd. 2) Samson Maritime Ltd. 3) Swastik Surfactants Ltd. 4) Oxides & Specialities Ltd. 5) S.P. Jaiswal Estates Ltd. 6) Navyug Holdings Pvt. Ltd. 7) Harig Crank Shafts Ltd. 8) Infotech Era India Ltd. 9) Twenty-First Century Printers Limited 10) Dempo Inds. Pvt. Ltd.

37TH ANNUAL REPORT 2002-2003

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their 37th Annual Report and Accounts for the year ended 31st March, 2003

FINANCIAL RESULTS:

	31.03.2003	(Rs. in lacs) 31.03.2002
Total Income (Net of Increase/Decrease in Inventories)	<u>79,87.78</u>	<u>68,97.91</u>
Operating Profit before interest & finance charges, depreciation & tax	<u>9,49.29</u>	<u>9,72.17</u>
Less: Interest & Finance charges	<u>4,38.65</u>	<u>4,85.59</u>
Profit/(Loss) after Interest & Finance charges but before depreciation & tax	<u>5,10.64</u>	<u>4,86.58</u>
Less: Depreciation	<u>2,99.69</u>	<u>2,98.26</u>
Profit/(Loss) before tax	<u>2,10.95</u>	<u>1,88.32</u>
Less: Provision for wealth tax	<u>(0.08)</u>	<u>(0.07)</u>
Less: Prior period/Extra-ordinary Income/(Expenses) and Income Tax adjustments	<u>(9.23)</u>	<u>(31.15)</u>
Profit/(Loss) after tax	<u>2,01.64</u>	<u>1,57.10</u>
Add: Amount drawn from Share Premium Account	<u>3.59</u>	<u>6.58</u>
Less: Capital Issue Expenses/NCD Premium	<u>(3.59)</u>	<u>(6.58)</u>
Add: Amount drawn from Capital Reserve and Debenture Redemption Reserve	<u>38.98</u>	<u>28.25</u>
Deficit brought forward from last year	<u>(14,87.15)</u>	<u>(16,72.50)</u>
Deficit carried to Balance Sheet	<u>(12,46.53)</u>	<u>(14,87.15)</u>

REVIEW OF OPERATIONS:**SALES, PROFITABILITY AND PRODUCTION :**

The Company achieved the turnover of Rs.76.46 crores during the year under review against the turnover of Rs.64.83 crores previous year, showing an increase of 18%.

The turnover in the trading division was Rs.34.62 crores during the year under review as compared to Rs.25.70 crores in the previous year and the sales of manufacturing products was Rs.41.84 crores during the year (Production of 442 MTS Vat Dyes) as compared to Rs.39.13 crores previous year (Production of 373 MTS Vat Dyes). The profitability has improved over the previous year with a profit of Rs.211.00 lacs as against profit of Rs.188.00 lacs in the previous year.

In the export market, company could maintain the same turnover as last year inspite of recession in US textile market and rupee going stronger against US Dollar. During the financial year company has invested Rs.104.00 lacs in installation of new spray dryer which gives value added product in grains form. This new product being non dusty and user friendly it has got easy acceptability in developed countries. This being a premium product gives better contributions.

Response to grannulated product is very encouraging and our Company has already widened its customer base in European countries and also started selling in South East Asian countries like Korea, Thailand and Japan.

PROSPECTS:

The sales, cash generation and profitability of the Company during the current financial year are expected to improve due to concentration on high contributing products and continuous efforts are being put on introducing new products.

Looking to stable market conditions and consistent demand for Vat Dyes, company is poised to grow in terms of business volumes and realisations.

DIVIDEND:

Though company has made profits in the current year, it is unable to declare any dividend in view of the carry forward losses from the previous years.

FINANCE:

The cash generation from operations during year 2002-03 were considerably higher as compared to previous year 2001-02. However, there was liquidity crunch due to repayment of term loans to financial institutions and banks.



Though there was some improvement in supply of raw materials to our factory, due to paucity of working capital funds, timely and adequate supply of raw material adversely affected, due to which we could not achieve optimum level of production.

Negotiations with a financial institution and a bank have been made for waiver of some interest burden and the Company has received relief for the same. Also negotiations are continuing with mutual funds for waiver of outstanding interest burden and the Company is hopeful of getting adequate relief.

FIXED DEPOSITS:

The Company held deposits aggregating to Rs.0.48 lacs as on 31st March, 2003 of which Rs. 0.38 lacs have remained unclaimed till date.

INSURANCE:

All the assets of the Company including Plant & Machinery, Building, Stocks etc. are adequately insured.

SUBSIDIARY COMPANIES:

Pursuant to Section 212 of the Companies Act, 1956, the Audited Accounts with the Auditors' and Directors' Reports' of the subsidiary companies Kapsales Electricals Limited, Tracklightning Finance and Investments Limited and Royaltern Finance and Investments Limited for the year ended 31st March, 2003 are annexed hereto.

Kapsales Electricals Limited has incurred a loss of Rs. 205.34 lacs during the year and the accumulated losses as on 31.03.2003 is Rs.1001.18 lacs. The loss has arisen due to under utilisation of production capacity for want of banking facilities like LCs., Guarantees etc. The Company could not avail these facilities from the bank as the Company's account is irregular with the bank due to liquidity crunch caused by heavy losses.

As the accumulated loss as on 31.03.2001 have exceeded the net worth, the Company had been registered as a Sick Industrial Company with the Board for Industrial and Financial Reconstruction, New Delhi.

CONSOLIDATED FINANCIAL STATEMENTS:

Your Directors have pleasure in attaching the Consolidated Financial Statements prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii) that such selected accounting policies were applied consistently and the directors 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 as at March 31, 2003 and of the Profit of the Company for the year ended on that date;
- iii) that proper and sufficient care has been taken 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) that the annual accounts have been prepared on a going concern basis.

DIRECTORS:

Mr. A.K. Khatau and Mr. N.S. Parulekar retire by rotation at the conclusion of this Annual General Meeting and being eligible, offer themselves for reappointment.

During the current year, Mr. S.V. Muzumdar has resigned as a 'Director' of the Company w.e.f. 2nd May, 2003. The Board of Directors records the appreciation for the valuable guidance and co-operation extended by Mr. S.V. Muzumdar during the tenure of his office as a Director of the Company.

CORPORATE GOVERNANCE:

Disclosures on the points relating to the Corporate Governance are given in Annexure – 1 to this report.

MANAGEMENT DISCUSSION AND ANALYSIS:

We are the manufacturers of Vat Dyes. We have our plant at Plot No.2900, GIDC Industrial Estate, Dist. Bharuch, Ankleshwar, Gujarat. We cater to both Domestic and International market. Our products have application in important industries like textiles etc. Your Company has geared up production significantly to meet the demand. We have a good team of technical and commercial professionals and expertise in Dyes, Manufacturing and Marketing.

37TH ANNUAL REPORT 2002-2003

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

There is Internal Control System in the Company through adequate Internal Audit and regular operations review.

AUDITORS:

The Auditors M/s Nanubhai Desai & Co., hold office until the conclusion of the ensuing Annual General Meeting & are recommended for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

AUDITORS' REMARKS:

The auditors have commented on certain matters in their audit report.

- i) The Company in the course of its business has made certain trading sales to its group companies. The amount stated in note (6) of schedule 20 relates to such trading transactions with the group Companies.
- ii) The Company's subsidiary, Kapsales Electricals Limited has been Registered as Sick Industrial unit with BIFR and revival package is awaited. Consequently, no provision has been made in the accounts for the diminution in the value of the investment in this subsidiary.

EMPLOYEES:

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 is not applicable to the Company as none of the employees are drawing salary more than Rs. 12 lacs per annum.

The employees have extended their full support and valuable contribution which helped the Company to carry on the business under difficult conditions caused by liquidity crunch. The Company and the management convey their appreciation and thankfulness for the same.

CONSERVATION OF ENERGY:

A Statement showing particulars as per Form A, under Section 217(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given as Annexure 2 and forms part of this Report.

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION:

Research and development activities were more focussed on process improvement to reduce raw material cost and to save on production cycles. Developments in Laboratory are being implemented at plant.

During the year, company could introduce couple of new products range which envisages good demand from export market.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of expenditure and earning in foreign currencies during the period under review are as under :

		31.03.2003	(Rs. in '000) 31.03.2002
i)	EXPENDITURE IN FOREIGN EXCHANGE		
	(Value of imports on C.I.F. basis)		
	Raw Material	6,37,89	6,34,87
	Travelling	7,10	5,01
	Commission	8,52	8,82
	Others	1,54	-
	Total	6,55,05	6,48,70
ii)	EARNINGS IN FOREIGN EXCHANGE		
	F.O.B. value of exports	16,49,10	18,29,99
	Technical Fees earned	3,95	-
	Total	16,53,05	18,29,99

ACKNOWLEDGEMENT:

The Board expresses its gratitude to the Company's Bankers, the participating Financial Institutions, Customers and Government Agencies for their continuous help, co-operation and support.

For and on behalf of the Board

MAHENDRA K. KHATAU
Chairman & Managing Director

Registered Office:
Khatau House, 1st Floor,
Mogul Lane, Mahim,
Mumbai - 400 016.

Dated: 14th July, 2003



ANNEXURE - 1

CORPORATE GOVERNANCE DISCLOSURES:

In terms of the Schedule of implementation of Clause No.49 of the Listing Agreement on Corporate Governance, your Company has been complying with the requirements of the said Clause to the extent and in the manner stated hereunder:

A. Company's Philosophy on Corporate Governance

The Company's Philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally including its interaction with employees, shareholders, consumers and institutional and other lenders and places due emphasis on regulatory compliance.

The Company will continue its efforts in raising the standard in Corporate Governance and will also review its systems and procedures constantly to keep pace with the changing economic environment.

B. Board of Directors

The Board comprises of Managing Director, the Executive Director and Non-Executive Directors. At 14th July, 2003 the strength of the Board was Six Directors. The Managing Director and Executive Director are the only Whole-time Directors, the remaining Four being Non Executive Directors (Independent).

C. Remuneration of Directors

Managing Director & Executive Director:

(Rs. in Lacs)

Salary, Allowances, contribution to Provident Fund,

Superannuation Fund, Gratuity Fund, Value of perquisites

18.46

Non-Executive Directors:

Sitting Fees

0.59

TOTAL

19.05

The Managing Director and the Executive Director have a service contract of five years, with a notice period of three months by either party.

The Company has no Stock Option Scheme for any of its Directors.

D. Board Meeting:

The Board met four times during the year on 29/04/2002, 29/07/2002, 30/10/2002 and 30/01/2003.

The attendance of Directors at the Board Meetings (BOD) and Annual General Meeting (AGM) was as follows:

Sr. No.	Name of Director	Position	No. Of Board Meetings Attended	Attendance at Last AGM	Outside Committee Position held Member/Chairman
1.	Mr. M.K. Khatau	- Whole time Managing Director	4	Yes	- 2
2.	Mr. N.S. Parulekar	- Non-Executive Director	4	Yes	4 3
3.	Ms. Leela K. Khatau	- Non-Executive Director	3	Yes	- -
4.	Mr. Anil K. Khatau	- Non-Executive Director	3	Yes	2 -
5.	Mr. V.K. Sharma (Nominee Director - UTI)	- Non-Executive Director	3	No	- -
6.	Mr. S.V. Muzumdar	- Non-Executive Director	3	No	4 1
7.	Mr. M. Sarin	- Executive Director	4	Yes	- -

E. Audit Committee:

The Audit Committee comprises three Directors, Shri N.S. Parulekar (Chairman), Shri M.K. Khatau, Shri A.K. Khatau. The Company Secretary, Mr. H.K. Bijlani, acts as the Secretary of the Committee.

The Committee held Four meetings on 29th April 2002, 29th July 2002, 28th October 2002 and 27th January 2003 which were attended by all the Members at the respective Meetings.

The Committee's powers and role are stipulated under Clause 49 of the Listing Agreement.

F. Shareholders/Investors' Grievance Committee:

The Company has formed an Investors/Shareholders Grievance Committee with the following terms of reference :

- Ensure redressal of the shareholders and investors complaints relating to transfer of shares non-receipt of balance sheet etc.

37TH ANNUAL REPORT 2002-2003

- (b) Redressal of investors complaints in respect of non-receipt of dividends/interests/payments on redemption of preference shares, debentures, bonds or such other instruments which are redeemable.

The Composition of the Committee as on 31st March, 2003 are as under :

- (1) Mr. N.S. Parulekar (Chairman – Non Executive Director)
- (2) Mr. M.K. Khatau
- (3) Mr. A.K. Khatau (Non Executive Director)
- (4) Mr. H.K. Bijlani, acts as a Company Secretary of the Company

The quorum for the Committee Meeting is two Directors.

During the year under review, 142 complaints were received from investors which were replied/resolved to the satisfaction of the investors. Further, the Board of Directors has delegated the powers to approve, transfer of the securities allotted by the Company to Share Transfer Committee. The Committee held 12 Meetings during the year and approved the transfer of the shares lodged with the Company. All the transfer of shares received by the Company has been complied within the time limit.

G. Remuneration Committee:

The Company does not have a Remuneration Committee. The remuneration payable to the Managing Director/Executive Director is approved by the Board of Directors and the shareholders in General Meeting and such other authorities as may be necessary.

H. Key Information:

Key information such as annual operating plans, budgets, quarterly working results, minutes of audit committee and other committees are made available to the Directors.

The Board is informed of all material, financial and commercial decisions from time to time.

I. Disclosures:

There are no materially significant related party transactions that may have potential conflict with the interests of the Company.

The Company has complied with the requisite regulations relating to capital markets. There are no penalties or strictures imposed on the Company by Stock Exchange or SEBI or any Statutory authority, on any matter related to capital markets, during the last three years.

Quarterly results are approved by the Audit Committee and taken on record by the Board of Directors and submitted to the Stock Exchange in terms of the requirements of Clause 41 of the Listing Agreement.

Quarterly results are normally published in English and Marathi newspapers.

J. Web Site:

The Company is holding its own Web Site displayed at www.indokem.net

K. General Shareholder Information:

1) Annual General Meetings:

The last three Annual General Meetings of the Company were held as under :

Financial Year	Date	Time	Location
2001-2002	23/09/2002	11.30 a.m.	Khatau House, Mogul Lane, Mahim, Mumbai – 400 016
2000-2001	28/09/2001	11.00 a.m	do
1999-2000	09/11/2000	11.45 a.m.	do

No Special resolutions were required to be put through postal ballot last year.

2) Financial Calendar:

Period	Board Meeting to approve Quarterly Financial Results
1 st Quarter ending 30 th June, 2003	14 th July, 2003
2 nd Quarter ending 30 th September, 2003	last week of October, 2003
3 rd Quarter ending 31 st December, 2003	last week of January, 2004
4 th Quarter ending 31 st March, 2004	last week of April, 2004
Year ending 31 st March, 2004 (Audited)	June/July, 2004.
Annual General Meeting for the year ending 31 st March, 2004	Mid of August/September, 2004


INDOKEM LIMITED
3) Date of Book Closure:

From 2nd September, 2003 to 5th September, 2003 (both days inclusive).

4) Listing of Shares:

The Company's Equity Shares are listed at Mumbai Stock Exchange under B2 Script. The Shares of the Company were traded in the market during the year. We give below market price Data high/low during April, 2002 to March, 2003.

Period	Market Price	
	High (Rs.)	Low (Rs.)
April, 2002	0.50	0.50
May, 2002	0.60	0.60
June, 2002	0.80	0.60
July, 2002	3.30	0.95
August, 2002	3.25	3.25
September, 2002	3.10	2.35
October, 2002	2.35	2.35
November, 2002	2.05	1.65
December, 2002	1.75	1.75
January, 2003	1.65	1.25
February, 2003	1.25	1.05
March, 2003	1.30	0.90

5) Stock Code:

4092

6) Registrar & Share Transfer Agents :

The Company has appointed Sharex (India) Pvt. Ltd. as Registrar and Transfer Agents of the Company. The Shareholders are requested to send/deliver the documents, correspondence relating to the Company's Share Transfer activity etc. to the Registrar and Share Transfer Agents, M/s. Sharex (India) Pvt. Ltd., 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001.

7) Dematerialisation of Shares:

In terms of the notification issued by the Securities & Exchange Board of India (SEBI) the shares are duly dematerialised with both the depositories i.e. with CDSL and NSDL with Code No.ISIN-INE 716 F0 1012.

8) Share Transfer System:

Physical transfer of shares are processed by the Registrar and Transfer Agent, M/s. Sharex (India) Pvt. Ltd., 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001 and approved by the Share Transfer Committee usually within 30 days from the date of receipt provided the relevant documents are complete in all respects.

As on 31st March, 2003, there were no share transfers pending with the Company.

9) Shareholding pattern as on 31st March, 2003.

Category	No. of Shares held (Rs.10/- each)	% of Shareholding
A. Promoters	83,04,145	54.28
B. Non-Promoters Holding		
a) Mutual Funds & UTI	39,200	0.26
b) Banks, Financial Institutions	3,54,735	2.32
c) Central/State Govt. Institutions	Nil	-
C. Others		
a) Private Corporate Bodies	5,45,662	3.57
b) Indian Public	60,49,496	39.55
c) NRI's	3,950	0.02
Total	1,52,97,188	100.00

L. Auditors' Certificate on compliance of mandatory stipulations of Corporate Governance:

The certificate issued by the Statutory Auditors' regarding compliance of mandatory stipulations of corporate governance in terms of the listing agreement with the Stock Exchange is attached as Appendix 1.

37TH ANNUAL REPORT 2002-2003

APPENDIX TO ANNEXURE 1

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT :

To the Members of Indokem Limited

We have reviewed the compliance of conditions of Corporate Governance by Indokem Limited, for the year ended 31st March, 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India. We have conducted our review on the basis of the relevant records and documents maintained by the Company for the year ended 31st March, 2003 and furnished to us for the purpose of the review and the information and explanations given to us by the Company during the course of such review.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except for Mr. M.K. Khatau (Executive Director) who is in the Audit Committee. However, his inclusion in the Audit Committee is in order under Section 292 A of the Companies Act, 1956.

We state that no investor grievance is pending for period exceeding one month against the Company.

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

For and on behalf of
NANUBHAI DESAI & CO.
Chartered Accountants

PARESH S. DOCTOR
Partner

Mumbai
Dated: 28th July, 2003

Report Junction.com

ANNEXURE - 2

FORM - A

Statement showing particulars as per section 217(1)(e) of the Companies Act, 1956 read with the (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY:

2002-2003

2001-2002

POWER & FUEL CONSUMPTION

1) Electricity

- a) Purchased Unit ('000 unit)
Total Amount (Rs. '000)
Rate per Unit (Rs./Unit)

5339
26455
4.95

4590
25612
5.58

- b) Own Generation
Through D.G (Unit/Ltr)
Cost (Rs./Unit)

2.81
7.75

2.83
6.86

2) Gas

- Qty. ('000 NM³)
Total Amount (Rs. '000)
Average Rate (Rs./NM³)

3074
27322
8.89

2949
24631
8.35

3) Production / Consumption of

Dyes	Electricity	Gas
430.09 MT (378.84 MT)	12415 Unit/MT (12115 Unit/MT)	7148 NM ³ (7783 NM ³)