

Annual Report 2002-03

Beaming New Light to a Better Life



INDO ASIAN FUSEGEAR LIMITED



V.P. Mahendru, CMD

Passion, purpose and perspective powered by relentless perseverance continue to be the driving force towards our uncompromising thrust for excellence.

To begin with a clear vision of the business horizon and a well orchestrated blue-print to excel and convert challenges into opportunities has marked our approach to the new environment. This "progressive" thrust has paved the way for an impressive & befitting turnaround.

At another level sharp focus on the market pulse and customer needs is translated into high customer confidence through an expanding product range in sync with customers' emerging expectations. The successful launch of new products symbolize this significant leap. All this, backed by futuristic vision-driven incentive across the board, consistent new product development and on-going process upgradation ensures that our products and services are second to none.

Board of Directors



R.C. Bansal
Director

D.N. Davar
Director

Col. S.P. Wahi
Director

Audit Committee

R.C. Bansal
Chairman
D.N. Davar
Col. S.P. Wahi

Shareholders/Investors' Grievance Committee

Col. S.P. Wahi
Chairman
R.C. Bansal
Vinay Mahendru

Deputy General Manager (Finance)

K.B. Satija

Asstt. General Manager (Legal) & Company Secretary

B.S. Bhadauriya

Auditors

J.C. Bhalla & Co.,
Chartered Accountants
New Delhi

Bankers

State Bank of Patiala
State Bank of India
Canara Bank

Corporate Office

207-208, Hemkunt Tower, 98, Nehru Place, New Delhi-110019

Regd. Office & Works

51 Kms, G.T. Karnal Road, Murthal, Distt. Sonapat, Haryana

Works

- Bye-Lane, Nakodar Road, Jalandhar, Punjab
- B-200, Phase-II, Noida, U.P.
- Plot No. 12, Sector - I, Parwanoo, Distt. Solan, H.P. - 173220

CFL Unit

A-39, Hosiery Complex, Phase-II Extn., Noida, U.P.

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NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the members of **INDO ASIAN FUSEGEAR LIMITED** will be held on Tuesday, the 30th September, 2003 at 9.00 A.M. at 51Kms. G.T. Karnal Road, Murthal, Distt. Sonapat, Haryana – 131027, to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003 and the Profit and Loss Account of the Company for the year ended on that date together with the Reports of Directors and Auditors thereon.
- 2) To appoint a Director in place of Sh. V.P. Mahendru, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Sh. D.N. Davar who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED pursuant to the provisions of Section 61 and all other applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force and as may be enacted hereinafter), guidelines issued by the Securities and Exchange Board of India (SEBI), Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder, Listing Agreements, 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 (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from The Delhi Stock Exchange Association Ltd, The Ludhiana Stock Exchange Association Ltd, and The Stock Exchange, Ahmedabad at such time as the Board may in its absolute discretion consider appropriate and on terms and conditions as may be stipulated and / or mutually agreed to in the best interest of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution."

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

"RESOLVED subject to approval of the Central Government as may be necessary pursuant to Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions of the Companies Act, 1956, and of any other law for the time being in force, that the Company hereby approves the re-appointment and remuneration of Sh. Vinay Mahendru, as Executive Director, of the Company for a further period of 5 (five) years with effect from the 1st October 2003, as recommended by the Remuneration Committee on the following terms and conditions :-

Salary : Rs. 44,000/- per month with annual increments upto 20% as may be decided by the Board of Directors of the Company within the limits specified in Schedule XIII to the Companies Act, 1956, as amended from time to time.

Perquisites: In addition to salary, he will be entitled to perquisites like unfurnished accommodation/House rent allowance (in case no accommodation is provided), gas, electricity, water, medical reimbursement, leave travel concession, club fees, personal accident insurance and such other perquisites in accordance with the rules of the Company from time to time, provided that the aggregate value of such perquisites shall not exceed as Rs.3,72,000/- per annum.

The ceiling on remuneration and perquisites shall not include the following benefits:

(i) Company maintained car and telephone at residence;(ii) Company's contribution to provident fund, superannuation fund and payment of gratuity as per rules of the Company; (iii) Encashment of leave at the end of the tenure as per the rules of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution."

By Order of the Board of Directors

Regd. Office:

51 Kms, G.T. Karnal Road
Murthal, Distt. Sonapat, Haryana.
Dated : 29th August, 2003

(B.S. BHADAURIYA)
Asstt. General Manager (Legal) &
Company Secretary

IMPORTANT NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) The Explanatory Statement setting out the material facts in respect of the Special business under Item Nos. 5 to 6 is annexed hereto.
- 3) All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days, except Sundays, and holidays, between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
- 4) Members/Proxies should fill in the Attendance Slip for attending the meeting.
- 5) The Company has already notified closure of Register of Members and the Share Transfer Books from Friday, the 26th September 2003 to Tuesday the 30th September, 2003 (both days inclusive), for the purpose of Annual General Meeting.
- 6) Shareholders are requested to bring their copy of Annual Report to the meeting.
- 7) Members who hold shares in dematerialized form are required to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- 8) Members are requested to notify any change in their addresses, specifying the full address in block letters with Pin Code of the Post Office to the Company's Registered Office. In all correspondence with the Company, members are requested to quote their account/folio numbers.
- 9) The Company has already transferred, all unclaimed dividend declared upto the financial year ended 31st March, 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend by submitting an application in prescribed Form II to the Registrar of Companies, NCT of Delhi & Haryana, Paryavaran Bhawan, 2nd Floor, CGO Complex, Lodi Road, New Delhi - 110003, Ph. No. 2436 2491, 2436 2523.
- 10) Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, unclaimed dividend for the financial year ended 31st March, 1995, has been transferred to the Investors Education and Protection Fund of the Central Government. Further, unclaimed dividend for the financial year ended on 31st March, 1998 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investors Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1998, or any subsequent financial years are requested to make their claim to the Corporate Office of the Company at 207-208, Hemkunt Tower, 98, Nehru Place, New Delhi - 110 019. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
- 11) Members desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B for this purpose to the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Explanatory Statements for Item Nos. 5 to 6 of the accompanying Notice are set out hereafter.

Item No. 5

Presently, the Company's Equity Shares are listed on The Delhi Stock Exchange Association Limited (the Regional Stock Exchange), The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad, The Ludhiana Stock Exchange Association Limited.

SEBI has brought out revised guidelines in February 2003 regarding voluntary delisting of shares. According to the revised guidelines, your Company may delist from any one or more Stock Exchanges where the Company's Equity Shares are listed, provided the Company's Equity Shares are listed on The Stock Exchange, Mumbai .

With the networking of various centers of The Stock Exchange, Mumbai, the members of the Company have access to online dealings in the Company's Shares from any location across the country.

The trading volumes on the Stock Exchanges at Ahmedabad, Ludhiana and New Delhi have been very thin/negligible and no extra benefits are available to the shareholders of the Company by continuing the listing of the Company's Equity Shares on these exchanges. The proposed delisting from these three Exchanges will not adversely affect any investor including the members located in regions where the above three Stock Exchanges are situated.

Apart from financial savings, the proposed delisting will also reduce the repetitive statutory compliances, procedures and formalities.

The Board after careful consideration has decided, subject to the approval of the shareholders, to delist the Company's equity shares from the Delhi, Ahmedabad and Ludhiana Stock Exchanges.

As required under SEBI Guidelines for voluntary delisting by the Company, members approval by a Special Resolution is required for this purpose and hence the proposed resolution under Item 5 above.

The above resolution is in the interests of the Company and therefore, commended by the Board for approval by the members.

None of the Directors of the Company is concerned and/or interested in this resolution except as members.

Item No. 6

Sh. Vinay Mahendru, was appointed as Executive Director for a period of 5 (five) years with effect from the 1st October, 1998, with the approval of the members at the 15th Annual General Meeting held on Wednesday, the 30th September, 1998. He holds office of Executive Director upto the 30th September, 2003.

The Board of Directors propose, subject to the approval of members and Central Government, to re-appoint Sh. Vinay Mahendru, as Executive Director, for a further period of 5 (five) years from the 1st October, 2003, on the same remuneration and such terms and conditions as are set out in the 'Special Resolution.'

Your Directors consider that the re-appointment of Sh. Vinay Mahendru, as Executive Director, on such remuneration and terms will be in the best interest of the Company and therefore, recommend the 'Special Resolution' for your approval.

This Explanatory Statement together with the accompanying Notice may also be treated as an Abstract and Memorandum under Section 302 of the Companies Act, 1956.

No Director of the Company other than Sh. V.P. Mahendru and Sh. Vinay Mahendru, are concerned or interested in the Resolution.

By Order of the Board of Directors

Regd. Office:
51 Kms, G.T. Karnal Road
Murthal, Distt. Sonapat, Haryana.
Dated : 29th August, 2003

(B.S. BHADAURIYA)
Asstt. General Manager (Legal) &
Company Secretary

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED /RE-APPOINTED.

1. At this Annual General Meeting Sh. V.P. Mahendru and Sh. D.N. Davar retire by rotation and being eligible, offer themselves for re-appointment. Sh. Vinay Mahendru is proposed to be re-appointed as Executive Director.

The brief background and functional expertise of the Directors proposed for appointment/re-appointment are furnished below along with details of companies in which they are Directors and the Board of Committees of which they are members :

- a. Sh. V.P. Mahendru is the promoter Director and he has been on the Board since its inception. He holds a Bachelor's degree in Science.

Other Directorships	Committee Memberships
Indo Asian Capital Finance Pvt. Ltd.	Nil
Metal Teknik (I) Pvt. Ltd	Nil
Indo Asian Switchgear Pvt. Ltd.	Nil

- b. Sh. Vinay Mahendru has been a Director of the Company from June 28, 1993. He is a Mechanical Engineer and holds a Master's degree in Management from the University of Aston, Birmingham, U.K. He is an industrialist.

Other Directorships	Committee Memberships
Name of the Company	
Indo Kopp Pvt. Ltd.	Nil
Indo Asian Technoelectric Pvt. Ltd.	Nil
Indo Nordex Lightings Pvt. Ltd.	Nil
Buyright Resources Pvt. Ltd.	Nil

- c. Sh. D.N. Davar, had been Executive Chairman of Industrial Finance Corporation of India Ltd. (IFCI) for almost a decade upto 1992 and presently part-time Consultant to World Bank and United Nations Industrial Development Organization (UNIDO) in addition to his being Director on the board of several Companies, training institutions and Non-Government (social organizations).

Other Directorships	Committee Memberships
PUBLIC LIMITED COMPANIES	
Name of the Company	Name of the Committee
Sandhar Locking Devices Ltd	HEG Ltd
Sandhar Infosystems Ltd	Ansal Properties & Industries Ltd
Sandhar Auto Components Ltd	Hero Honda Finlease Ltd
Jai Prakash Power Ventures Ltd	Mayar India Ltd
Jaypee Cement Ltd	OCL (India) Ltd
Jaypee DSC Ventures Ltd	Jaypee Cement Ltd
OCL India Ltd	Jai Prakash Power Ventures Ltd
HEG Limited	
Indo-Continental Hotels & Resorts Ltd	
Ansal Properties & Industries Ltd	
Hero Honda Finlease Ltd	
Indo Asian Fusegear Ltd.	
Sun Air Hotels Ltd	
Mayar India Ltd	
Delhi Stock Exchange Association Ltd	
PRIVATE LIMITED COMPANIES	
Sandhar Steady Stream Tooling Pvt. Ltd.	
S.P. Wahi Technology & Management Consultant Pvt. Ltd.	

By Order of the Board of Directors

Regd. Office:
51 Kms, G.T. Karnal Road
Murthal, Distt. Sonapat, Haryana.
Dated : 29th August, 2003

(B.S. BHADAURIYA)
Asstt. General Manager (Legal)&
Company Secretary

DIRECTORS' REPORT

The Directors have pleasure in presenting the Twentieth Annual report and the Audited Statement of Accounts for the year ended 31st March 2003.

1. FINANCIAL RESULTS AND OPERATIONS

Particulars	(Rs. / Lakhs)	
	For the year ended 31.03.2003	For the year ended 31.03.2002
Sales & Other Income	7763.74	7072.74
Operating Profit	681.93	636.63
Financial Charges	390.37	433.98
Depreciation	167.91	191.13
Profit Before Tax	123.65	11.52
Less: - Provision for Tax	74.71	1.10
- Tax paid for earlier year	6.66	0.00
Add: - Provision for Income Tax Written back	1.25	0.00
- Deferred Tax Income	14.84	7.50
Profit After Tax	58.36	17.92
Add: - Profit brought Forward from previous year	32.13	134.21
- Surplus available for appropriation	90.49	152.13
Transfer to General Reserve	30.00	120.00
Retained Profit carried forward to the next year	60.49	32.13

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INDUSTRY STRUCTURE AND DEVELOPMENT**

According to an expert committee set up by the government an additional power capacity of 1,00,000 MW would be needed by 2012, which would envisage an investment of Rupees 8,00,000 crores. The huge investment requirement in Power Sector in future would also increase the demand for Switchgear and Lighting Products. Further, the reforms announced by the Government in the form of Electricity Act, 2003 would also inject a new competitive dynamism in the Electrical industry in future. The new law aimed at the development of electricity industry, promoting competition therein, protecting interest of the consumers among others, presents a unique opportunity for growth of the Indian electrical industry.

The Government, as part of its various initiatives towards development of the power sector, has constituted the Bureau of Energy Efficiency (BEE), which is responsible for implementing Energy Conservation Act. The Honorable Prime Minister has released detailed action plan in this connection recently. The aim is to save up to 25,000 MW power and cost saving of Rs. 20,000 crores annually, apart from additional Power Generation Plant cost. The Bureau of Energy Efficiency would help in promoting the use of energy efficient products, equipments and appliances. The Indian electrical and CFL industry has major role to play and supplement the efforts of the Government to promote efficient use of the energy.

3. FINANCIAL PERFORMANCE

Your Company has achieved an income, comprising sales and other income of Rs. 7763.74 lakhs during the year under review compared to Rs. 7072.74 lakhs in the previous year an increase of around 10%. The Profit before tax for the current year has increased to Rs. 123.65 lakhs from Rs.11.52 lakhs of the previous year. While there has been marginal growth in the turnover, significant contribution to profitability came through continued emphasis on cost control, indigenisation of critical imported components etc.

4. SEGMENT WISE PERFORMANCE**a) Switchgear Division**

The Switchgear division recorded a turnover of Rs. 5716.58 lakhs in the year 2002 – 2003 as against Rs. 5931.38 lakhs in the corresponding previous year 2001-2002. The switchgear division has been taking various initiatives to achieve growth in the business including launch of new products and introduce aesthetically designed new products. The division has introduced wide range and variety of wires and cables during the year.

In order to enhance the profitability of Switchgear division and to take advantage of the financial incentives being offered by the Government of India under its new promotional policy for industrial development, a new unit of the switchgear division has been setup in Parwanoo, Himachal Pradesh.

b) Lighting Division:

During the year under review, the CFL division was able to regain, to certain extent its market which was lost due to large scale dumping of CFLs by other countries into India. The division recorded a turnover of Rs. 2047.15 lakhs in the year 2002-03 as against Rs. 1139.48 lakhs in the corresponding previous year 2001-02. Your Directors are pleased to inform that the CFL division has been accredited as best division practicing ISO quality management system by the BVQI International Inspectors, auditors who carried out half yearly surveillance audit recently. Your Company has been successful in finalizing arrangements with some of the leading foreign buyers for sourcing CFLs for them for the world market. The division has successfully completed trial orders received from one of the established foreign brand owner which will go a long way in opening up new channels for the Company for exports of its products.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Indo Asian has proper and adequate internal controls aimed towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with applicable laws. An exhaustive programme of internal audits, including all Branches of the Company all over India, review by management, and documented policies, guidelines and procedures, supplements the internal control system.

6. DEVELOPMENT IN HUMAN RESOURCES

Continued emphasis on the development of human resources and creation of a culture, wherein employees can contribute to the fullest of their potential, has remained the focus of your Company.

Many new programmes for training & development have taken up with the special focus on building functional competence. Your Company has been able to ensure harmonious industrial relations through its proactive policies in this regard. Employees involvement has been ensured through various forums like suggestion schemes, quality circle activities and communication meetings.

7. MANAGEMENT PERCEPTION OF RISK AND CONCERNS

Increasing competition in the market by larger players will continue to exert pressure on profitability. Further, unchecked import of cheap products is also affecting the sales of the Company. Your company has been taking various initiatives to reduce these risks and improve the performance of the Company. These include focused efforts to reduce the costs of operations and match the ever growing consumer expectations both in terms of quality of the products and services, persuading the Government to take appropriate and effective steps to check the import of cheap products including imposition of Anti Dumping duty on import of Chinese and Hongkong CFLs and notification of BIS standards mandatory for various electrical products and CFLs. In view of the above the performance of your company is likely to improve in coming years.

8. DIVIDEND

Constrained by financial results coupled with funds requirement, your Directors do not recommend Dividend on equity share capital as well as preference share capital of the Company for the year ended 31st March 2003.

9. DIRECTORS

Sh. V.P. Mahendru and Sh. D.N. Davar, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Sh. Vinay Mahendru was appointed as Executive Director for a period of 5 years on the 1st October 1998. The Board of Directors proposes to reappoint Sh. Vinay Mahendru as Executive Director on the same remuneration for a further period of 5 years from the 1st October 2003.

10. FUTURE OUTLOOK

The electrical industry, after going through some extremely difficult period between 1997 and 2002, is already experiencing a slightly buoyant market, thanks to the well-conceived Accelerated Power Development and Reforms Programme (APDRP) of the Ministry of Power. The New Electricity Act 2003 has opened up Power Sector offering tremendous opportunities. The Act aims at liberalizing the power sector by creating a vibrant and progressive legislative framework to facilitate India's accelerated economic growth. Your Company believes that the electrical industry will get further boost from the opportunities emerging from the Act.

Your Directors believe that INDO ASIAN is ideally positioned to pursue these opportunities. Your Company has unique competitive advantage and brand value. And, your Company is committed to pursue these opportunities, delivering value to its customer, and earning their trust and confidence.

11. FIXED DEPOSITS

Your Company has no unclaimed/ unpaid or overdue deposit, during the year under report.

12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2-AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i. That in the preparation of the annual accounts for the financial year ended 31st March 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgments 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 the year under review;
- iii. That the Directors have 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. That the Directors have prepared the annual accounts for the financial year ended 31st March 2003, on a going concern basis.

13. AUDITORS

M/s. J.C. Bhalla & Co., Chartered Accountants, Auditors of your company retire in accordance with the provisions of the Companies Act, 1956, at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Regarding observations of the Auditors in their Report, your Directors state that the relevant statutory dues have since been paid by your Company.

14. REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a report on the Corporate Governance is given in the Annexure "A" and forms part of this report.

A certificate from the Auditors of the Company regarding Compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is given in the Annexure "B" and forms part of this Report.

15. INFORMATION REGARDING CONSERVATION OF ENERGY ETC., AND EMPLOYEES

Information required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998, as amended from time to time, is given in Annexure forming part of this Report. However, as per the provisions of Section 219(1)(b)(iv), the Report and Accounts are being sent to all the members excluding the above information. Any member interested in obtaining such particulars / information may write to the Company Secretary for a copy thereof.

Provisions of Section 217(2-A) of the Companies Act, 1956 and the rules framed there under as amended from time to time are not applicable to the Company, since no employee of the Company was in receipt of the remuneration in excess of the limits throughout the year as specified in the said rules.

16. ACKNOWLEDGEMENTS

Your Directors deeply appreciate the valuable Co-operation and continued support extended by the Company's Bankers, Financial Institutions, Government agencies, Collaborators, Stockists, Dealers, Business Associates, and also the contribution of all employees to the Company.

Regd. Office:
51 Kms. G.T. Karnal Road
Murthal, Distt. Sonapat, Haryana
Dated: 29th August, 2003

On behalf of the Board of Directors,

(V.P. MAHENDRU)
Chairman-cum-Managing Director

ANNEXURE "A" TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE

1. Company's philosophy on the Code of Governance

Corporate Governance primarily involves transparency, full disclosure and being fair to all stakeholders.

The objective of your Company is not only to meet the statutory requirements but also to go well beyond it by formulating such systems and procedures so as to make the management completely transparent and institutionally sound.

2. Board of Directors

(i) Composition:

The Company has a combination of Executive and Non-Executive Directors. The Board consists of six Directors. Your Company has Executive Chairman and half of the total number of Directors comprises independent Directors. The number of Non-Executive Directors is not less than 50% of the total number of Directors.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(IV)(B) across all companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions occupied by them in other companies.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last AGM, as also the number of Directorships and Committee position as held by them in other Public Limited Companies as on 31st March, 2003 are given below:

Name	Category	No. of Board Meetings Attended during 2002-2003	Whether attended last AGM held on 27th September, 2002	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies	
					Chairman	Member
Mr. V.P. Mahendru (Chairman-cum-Managing Director)	Promoter Not Independent Executive	7	Yes	—	—	—
Mr. P.K. Ranade (Joint Managing Director)	Promoter Not Independent Executive	8	Yes	—	—	—
Mr. Vinay Mahendru (Executive Director)	Promoter Not Independent Executive	8	Yes	—	—	—
Mr. D.N. Davar (Director)	Independent Non-Executive	7	No	15	5	10
Mr. R.C. Bansal (Director)	Independent Non-Executive	8	Yes	3	—	—
Col. S.P. Wahi (Director)	Independent Non-Executive	7	No	5	—	—

(ii) Board Meetings:

The Board met eight times on the following dates during the financial year 2002-2003 and the gap between any two meetings did not exceed four months.

20th June, 2002

29th October, 2002

27th July, 2002

28th November, 2002

21th August, 2002

31st December, 2002

14th September, 2002

30th January, 2003

3. Audit Committee

(i) Terms of reference :

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit management audit. (1) The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statements;