

Jai Corp LIMITED

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17th ANNUAL REPORT 2001-2002

HIGHLIGHTS

	2001-2002 (Rs. in lacs)	2000-2001 (Rs. in lacs)	1999-2000 (Rs. in lacs)	1998-99 (Rs. in lacs)	1997-98 (Rs. in lacs)
Sales, services & other income	20249.71	27259.12	31726.10	29269.26	42625.79
Depreciation	934.05	946.39	1030.98	1145.06	1268.26
Profit before tax	2295.55	3129.28	2187.68	2084.26	1214.33
Tax for the year	148.09	237.00	100.00	424.00	304.00
Profit after tax	2147.46	2892.28	2087.68	1660.26	910.33
Dividend (including tax thereon)	NIL	224.48	226.11	226.13	224.07
Plough back (including depreciation)	3084.23	3616.06	2900.24	2580.30	1955.65
Shareholders' fund (Net worth)	20812.50	19849.14	17179.47	15310.21	13874.97
Debt/Equity Ratio	0.00/1	0.00/1	0.00/1	0.00/1	0.04/1



JAI CORP LIMITED

17TH ANNUAL REPORT 2001-2002

BOARD OF DIRECTORS

(As on 31st July, 2002)

J. K. Jain
Executive Chairman

S. P. Jain
Managing Director

Virendra Jain

K. M. Doongaji

S. H. Junnarkar

D. K. Contractor

Dr. P. P. Shah

K. P. Gupte

V. S. Pandit
Director-Works

COMPANY SECRETARY

J. M. Pandya

SOLICITORS & ADVOCATES

Kanga & Company

AUDITORS

Chaturvedi & Shah
Chartered Accountants

BANKERS

Canara Bank

REGISTERED OFFICE:

A-3, M.I.D.C. Indl. Area,
Nanded-431 603,
Maharashtra.

MANUFACTURING FACILITIES AT:

1. Packaging Division:

Plot No. A-2/4
Plot No. A-2/8
Plot No. C-2/1
M.I.D.C., Murbad,
Dist. Thane, Maharashtra.

Plot No. 444, Masat Village
Plot No. S.N. 103/1/2, Rakholi Village
Silvassa, [Dadra & Nagar Haveli (U.T.)]

Plot No. 481/1-2, Dabhel Village
Daman-396 210 (U.T.)

2. Sipta Coated Steels Division

A-3, M.I.D.C. Indl. Area,
Nanded-431 603, Maharashtra.

3. Comet Steels Division

A-4, M.I.D.C. Indl. Area,
Nanded-431 603, Maharashtra.

REGISTRARS & TRANSFER AGENT

KARVY CONSULTANTS LIMITED

1. "KARVY HOUSE"
46, Road No. 4, Street No. 1,
Banjara Hills, Hyderabad-500 034.
Tel.: 040-3312454/3320251/751/752
Fax: 040-3311968

2. 7, Andheri Industrial Estate,
Off Veera Desai Road,
Andheri (West), Mumbai-400 053.
Tel.: 022-6267226/6269044/6271802
Fax: 022-6260882



NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of JAI CORP LIMITED will be held on Monday, the 30th September, 2002 at 2.00 p.m. at the Registered Office of the Company at A-3, MIDC Industrial Area, Nanded-431 603 (Maharashtra) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2002 and Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Virendra Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri K. M. Doongaji, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors who shall hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Dr. P. P. Shah, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office up to the date of Seventeenth Annual General Meeting, being eligible for appointment and in respect of whom Notice in writing under section 257 of Companies Act, 1956 has been received by the Company, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Shri K. P. Gupte, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office up to the date of Seventeenth Annual General Meeting, being eligible for appointment and in respect of whom Notice in writing under section 257 of Companies Act, 1956 has been received by the Company, be and is hereby appointed as a Director of the Company."

7. To consider and if thought fit to pass with or without modifications, the following resolution as a Ordinary Resolution:

"RESOLVED THAT the Members in General Meeting hereby confirm the action of the Board of Directors in appointing Shri V.S. Pandit as the Director - Works of the Company for a period of Five years from 1st April, 2002.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, on the terms and conditions including remuneration and minimum remuneration as set out in the Agreement to be entered in to between the Company and Shri V. S. Pandit, a draft where of is placed before this meeting which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement so as not to exceed the limits specified in Sections 198, 269, 309 and Schedule XIII to the Companies Act, 1956 or any statutory modifications or re-enactment thereof for the time being in force, or any amendments thereto, as may be agreed between the Board of Directors and Shri V. S. Pandit.

RESOLVED FURTHER THAT in the event of any statutory amendments or modifications or relaxation by the Central Government to the Schedule XIII or to any of the Sections of the Companies Act, 1956, the Board of Directors be and are hereby authorised to vary or increase the remuneration within such prescribed limit or ceiling and the aforesaid Agreement between the Company and Shri V. S. Pandit be suitably amended to give effect to such modifications, relaxations or variations without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps as may be necessary, proper or expedient to give effect to this resolution.

By Order of the Board of Directors

J. K. Jain

Executive Chairman

Mumbai, 31st July, 2002

NOTES:

1. An Explanatory Statement under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy or the Power of Attorney if any under which it is signed should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting.
3. The Register of Members and Share Transfer books will remain closed from Friday, the 20th September 2002 to Monday, the 30th September, 2002 (both days inclusive).
4. The amount of unclaimed dividend for the financial year ended 31st March, 1995 has already been transferred to the General Revenue Account of The Central Government pursuant to sub-section (5) of Section 205A of the Companies Act, 1956. The concerned members may therefore submit their claims in the prescribed form to the Registrar of Companies, Maharashtra at Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Mumbai-400 033.
Pursuant to the provisions of section 205C inserted by Companies (Amendment) Act, 1999, dividends for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government.
The Members who have not encashed the dividend warrant(s) of the financial Year ended 31-03-1996, 31-03-1997, 31-03-1998, 31-03-1999 and 31-03-2000 are requested to make their claim to the Company or its Registrars and Transfer Agent M/s Karvey Consultants Ltd. It may also be noted that once the unpaid dividend is transferred to the Government as above, no claim shall lie with the Company in respect of such amount.
5. The Members who are holding shares in identical order of names in more than one folio are requested to send the Company details of such folios together with the share certificates for consolidating their holding in one folio. The Share certificates will be returned to the member after making requisite changes thereon.
6. Non-resident Indian Shareholders are requested to inform the Company immediately:—
The Change in the Residential status on return to India for permanent settlement.
The particulars of NRE bank Account maintained in India.
Copy of RBI permission.
7. As per the provisions of the amended Companies Act, 1956, facility for making nominations is available to individuals holding shares in the Company.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5:

In order to broad base the Board of Directors of the Company, Dr. P. P. Shah was appointed as an additional Director by the Board of Directors at their meeting held on 31st January, 2002.

Dr. P. P. Shah is a practising Chartered Accountant having over 32 years of professional experience (out of which 6 years were in U.S.A.) in the areas of Financial Consultancy, Corporate Structuring/Restructuring, Management Consultancy, Foreign Collaborations, Business Re-Organisations (Mergers, Acquisitions, De-Mergers, Slump Sale Etc.) Taxation, Valuation, Property Matter Accounting, Auditing, Company Law and FERA.

He is Member of Institute of Chartered Accountants of India (ICAI) and Institute of Cost and Works Accountants of India (ICWA). He has also done Ph.D. in Cost Accounting, University of Bombay. He is also Member of Taxation Committee of The Indian Merchants' Chambers.

He has published four books-three in the U.S.A. and one in India. He has also contributed several technical papers and conferences and published articles in professional journals, business magazines and financial newspapers. He has also given talks at the seminars/workshops organised by various professional/business organisations.

He is also on the Board of various companies like Adani Exports Ltd., Himachal Futuristic Communications Ltd., J.M. Financial & Investment Consultancy Services Pvt. Ltd., Benchmark Trustee Company Ltd., Claris Life Sciences Ltd., Bhansali Engineering Polymers Ltd., etc.

According to the provisions of Section 260 of the Companies Act, 1956, Dr. P. P. Shah will hold office upto the date of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Dr. P. P. Shah as Director of the Company. The Directors consider it in the interest of the Company to continue to avail of the services of Dr. P. P. Shah and recommend that he be re-appointed as Director. None of the Directors of the Company except Dr. P. P. Shah are, in any way, concerned or interested in the resolution.

Item No. 6:

In order to broad base the Board of Directors of the Company, Shri K. P. Gupte was appointed as an additional Director by the Board of Directors at their meeting held on 31st January, 2002. According to the provisions of Section 260 of the Companies Act, 1956, Shri K. P. Gupte will hold office up to the date of this Annual General Meeting.

Mr. K. P. Gupte is holding B.Com.(Hons), Post Graduate Diploma in Banking, C.A.I.I.B. and Post Graduate Diploma in Business Administration.

Mr. Gupte has worked with SICOM Ltd. for 32 years and retired as Senior General Manager being the senior most rank in the executive cadre outside Board of Directors, functioned as Chairman of Committee of Senior Executives in deciding on the matters of sanctions of term financial assistance under powers delegated by the Board of Directors.

He is presently rendering professional services as corporate financial advisor and is connected with few corporates on retainer basis. He is also on the board of Paramount Centrispun Casting Ltd.

A notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Shri K. P. Gupte as Director of the Company. The Directors consider it in the interest of the Company to continue to avail of the services of Shri K. P. Gupte and recommend that he be re-appointed as Director. None of the Directors of the Company

except Shri K. P. Gupte are, in any way, concerned or interested in the resolution.

Item No. 7:

Shri V. S. Pandit was re-appointed as Director-Works by the Board of Directors at their meeting held on 4th March, 2002 for the period of five years w.e.f. 1st April, 2002 on the terms and conditions mentioned herein below, subject to confirmation of the shareholders and subject to all other necessary approvals/sanctions.

Mr. V. S. Pandit was appointed as Director-Works of the Company for the period of Five years w.e.f. 1st April, 1997. During that period Mr. V. S. Pandit had contributed very significantly in managing affairs of Company's units at Silvassa and Daman. The Board considers that services of Shri V. S. Pandit as Director-Works will be very valuable in achieving the better growth of the Company.

The Draft Agreement proposed to be entered into inter-alia, contains the following terms: appointment of Mr. V. S. Pandit as Director-Works are mentioned below:

1. PERIOD – 5 years from 1st April, 2002.
2. REMUNERATION – The Director-Works shall be entitled to the following terms of remuneration:

Salary – A monthly remuneration not exceeding Rs. 2,00,000/- per month.

Perquisites and allowances:

Accommodation (Furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical expenses/reimbursement for self and his family including dependants, leave travel concession for self and his family including dependants, club fees, medical insurance and such other perquisites and allowances as agreed/authorised by the Board of Directors upto Rs. 2,00,000/- per month to him subject to overall ceiling of remuneration as stipulated under the Act.

The minimum remuneration to be paid to Shri V. S. Pandit in the event of loss or inadequacy of profits in any financial year during the period of his appointment will be subject to a maximum ceiling limit of Rs. 24,00,000/- per annum or upto Rs. 2,00,000/- per month and the perquisites as set out in Section II part II of Schedule XIII to the Companies Act, 1956.

The terms of appointment and remuneration are to be approved by the members in general meeting in terms of Schedule XIII to the Companies Act, 1956 and the Directors recommend the resolution for approval of members.

The Draft Agreement proposed to be entered between the Company and Shri V. S. Pandit is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. and 2.00 p.m. on any working day of the Company.

The above may be treated as an abstract of the Draft Agreement proposed to be entered into between the Company and Shri V. S. Pandit pursuant to Section 302 of the Companies Act, 1956.

Shri V. S. Pandit is interested in the resolution. None of the other Directors of the Company are in any way concerned or interested in the resolution.

By Order of the Board of Directors

J. K. Jain
Executive Chairman

Mumbai, 31st July, 2002



DIRECTORS' REPORT

The Directors have pleasure to present the Seventeenth Annual Report and Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

		(Rs. In lacs)
	31-03-2002	31-03-2001
Sale & Services	19,206.93	25,964.21
Operating Profit	3,229.61	4,075.67
Less: Finance Charges (Net)	—	—
Gross Profit	3,229.60	4,075.67
Less: Depreciation	934.05	946.39
Profit Before Tax	2,295.55	3,129.28
Less: Provision for Tax	148.09	237.00
Profit after Tax	2,147.46	2,892.28
Balance brought forward from last year	944.17	739.31
Transferred from Investment Allowance (Utilised) Reserve	805.42	35.19
Prior period Adjustments (Net)	2.72	1.87
Amount available for Appropriations	3,899.77	3,668.65
Appropriations:		
General Reserve	3,031.82	2,500.00
Proposed Dividend on Equity Shares	Nil	203.70
Tax on Proposed Dividend	Nil	20.78
Surplus carried to Balance Sheet	867.95	944.17
Total	3,899.77	3,668.65

DIVIDEND

In order to conserve the resources of the Company, the Directors have decided not to recommend any dividend on equity shares of the Company.

OPERATIONS

During the year under review, the gross turnover of the Company has been lower as compared to last year. This was mainly due to continued labour problem at Steel Plant at Nanded for major part of the year and also severe recessionary conditions continued, which badly affected production. Sales value were lower due to price reduction. However Overheads were kept under control. Due to several cost reduction measures undertaken, the company was able to achieve a reduction in operational expenses.

PROJECTS AND EXPANSIONS

The Company is establishing a 100% EOU at Village Kahdoli, Silvassa, (Dadra & Nagar Haveli (U.T.)

FIXED DEPOSITS

The Company has not accepted any fixed deposits within the meaning of Section 58-A of the Companies Act, 1956, and the rules framed there under. Fixed Deposit of Rs. 6,000/- remained unclaimed of erstwhile Sipta Coated Steels Limited as on 31-03-2002.

LISTING OF EQUITY SHARES

The Company's equity shares are listed on following Stock Exchanges:

The Stock Exchange, Mumbai

The Stock Exchange, Ahmedabad

The National Stock Exchange of India Limited

The Company has paid the Listing fee to all the above Stock Exchanges for the period 01-04-2001 to 31-03-2002.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Shri Virendra Jain and Shri K. M. Doongaji retire by rotation and being eligible offer themselves for reappointment.

Shri S. R. Rajendran and Shri Anand Jain had resigned from the Board. Your Directors place on record their appreciation of the valuable services rendered by Shri S. R. Rajendran and Shri Anand Jain.

Dr. P. P. Shah and Shri K. P. Gupte has been appointed as Additional Directors on the Board on 31-01-2002 and holds office up to the date of the ensuing Annual General Meeting. Notices has been received under section 257 of the Companies Act, 1956, proposing their candidature to the office of Director of the Company. The Directors of your Company recommend their appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit of the Company for the year under review;
- That the directors had 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;
- that the directors had prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

AUDITORS AND AUDITORS' REPORT

M/s. Chaturvedi & Shah, Chartered Accountants, Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. The Company had received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. The notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure A forming part of this report.

SUBSIDIARY COMPANY

As required u/s 212 of the Companies Act, 1956 copy of Balance Sheet and Profit and Loss account and report of Directors and Auditors in respect of subsidiary Company is attached for members' perusal.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are given in the Annexure B forming part of this report.

INDUSTRIAL RELATIONS

A section of employees of the Company at its steel Plant at Nanded had gone on illegal strike from 16th June, 2001. In the month of March, 2002, the Company had arrived at the understanding to resolve the Labour Problem with the Workers. Accordingly, all the workers who were on strike have submitted their resignations and Company has paid all such workers mutually agreed ex-gratia amount. With a result of above development, the said Labour Problem has been resolved. The relations with the employees at other units continued to be cordial and satisfactory.

SCHEME OF ARRANGEMENT FOR SMALL SHAREHOLDERS

The Company has proposed a Scheme of Arrangement under section 391-394 of the Companies Act, 1956 for the cancellation of Equity Shares of resident shareholders of the Company who holds less than 100 equity shares in physical form in lieu thereof for the payment in cash by the Company to such shareholders and for the consequent reduction of the paid-up share capital and share premium account of the Company unless such shareholders intimate to the Company within the stipulated time their intention/desire to continue as shareholders of the Company.

The said scheme was approved by the Members and Creditors at their meeting held on 26th March, 2002 and the necessary petition was filed in the Bombay High Court on 8th April, 2002. The said scheme has been sanctioned by Bombay High Court on 6th June, 2002.

The Company has send option forms to all the shareholders who are appearing on the records of the 20th July, 2002 and who are holding less than 100 shares in physical form, giving them time up to 20th August, 2002 to send the said form in the self addressed pre-paid postage cover to the Company if they wish to continue as shareholders.

The Company will cancel the shares of the shareholders from whom such form are not received till 20th August, 2002 on a date to be fixed by the Directors after 20th August, 2002 and will send the payment in cash @ Rs. 35/- per share within 30 days from such cancellation.

CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the requirements pertaining to Corporate Governance were to be complied with by your Company within the Financial year 2001-2002, but not later than 31st March, 2002. Your Company has started complying with all the said requirements. A separate section titled "Corporate Governance" has been included in this report along with a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance.

ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks and Institutions during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company.

By Order of the Board of Directors

Mumbai, 31st July, 2002

J. K. JAIN
 Executive Chairman



ANNEXURE "A" TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

- The Company has replaced cold wall pumps with energy efficient & suitable size of pumps which has resulted into more power saving.
- The Company has modified jet whipping blowers pulley size to match with exact requirement which resulted into the energy saving

(b) Additional investments and proposals if any, being implemented for reduction of consumption of energy:

The company is not planning any major additional investments and proposals in this regard.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Impact of measures have been explained in (a) above.

(d) FORM-A

Form for Disclosure of Particulars with respect to Conservation of Energy.

	Current Year Ended 31.03.2002	Pervious Year Ended 31.03.2001
(a) Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units	20044144	23205862
Total Amount (Rs.)	74522119	88209721
Average Rate/Unit (Rs.)	3.72	3.80
(b) Own generation through Diesel Generator		
Units	1530553	2512748
Unit per ltr. of Diesel Oil	3.20	3.37
Average Rate/Unit (Rs.)	5.01	4.35
2. Others		
(a) HSD		
Quantity (KL)	1601.04	2134.17
Total Amount (Rs.)	25457798	32938773
Average Rate/KL (Rs.)	15900.75	15434.03
(b) LPG		
Qty(KL)	352.50	344.44
Total Amount (Rs.)	6790456	6724926
Average Rate (Rs. per KL)	19263.70	19524.06

(b) Consumption per unit of production

Product	Year ended 31.03.2002			Year ended 31-03-2001		
	GP/GC Coils/ Sheets	CR Coil/ Sheets	Woven Sacks/ Fabrics	GP/GC Coils/ Sheets	CR Coil/ Sheets	Woven Sacks/ Fabrics
Production (MT)	50450	34671	7953	50419	49264	8780
Electricity	90.13	206.99	3432.89	84.94	249.41	1042.03
Others						
(a) HSD (KL)	0.018	0.01	0.06	0.021	0.06	0.03
(b) LPG (KL)	0.007	—	—	0.007	—	—

B. RESEARCH & DEVELOPMENT (R & D)

In house research & development to achieve Zero defect fabric was carried out. This resulted in development through Company's vendors the concept of loom controllers which reduces fabric defects by manipulating haul off speed of fabric in case of missing wefts. The Company has also started computerisation of tape plant controls to optimise plant performance & eliminating errors. No significant expenditure is incurred.

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The Company had not imported any technology during last five years from the beginning of the financial year ended 31-03-2002, hence the required information is not applicable to the company.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has exported its products during the year under review and has imported raw materials, store items and capital items, the details of which are as follows:

	(Rs. in lakhs)
(1) FOB Value of Exports	Rs. 799.93
(2) CIF Value of Import	Rs. 488.96
(3) Expenditure in Foreign Currency	Rs. 39.18

By Order of the Board of Directors

Mumbai, 31st July, 2002

J. K. JAIN
Executive Chairman

ANNEXURE "B" TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

Name	Age (Years)	Designation/ Nature of Duties	Remuneration (Rs.)	Qualification	Total Experience (Years)	Date Of Employment	Last Employment held Designation — Period for which post held
(A) Employed throughout the year and in receipt of remuneration aggregating not less than Rs. 12,00,000/- per year.							
J. K. Jain	70	Executive Chairman	2,838,412	Matric	51	01-10-1995	Business
S. P. Jain	46	Managing Director	2,741,498	B.com	26	01-10-1995	Comet Steels Ltd. Managing Director (10 Years)
(B) Employed for part of the year and in receipt of remuneration not less than Rs. 1,00,000/- per month.							
R. K. Khanna	47	President	839,104	B.E., M.B.A.	26	26-01-2001	Simmonds Marshall Ltd. Vice-president (Operations) (7 Years)

Notes: 1. Remuneration as above includes Salary, Allowances, bonus, ex-gratia, leave travel assistance, reimbursement of medical expenses, Company's contribution to Provident Fund and monetary value of other perquisites calculated in accordance with provisions of the Income-tax Act, 1961 and rules thereunder.

2. The nature of employment in all cases is contractual.

3. No employee mentioned above is related to any director of the Company except Shri J. K. Jain and Shri S. P. Jain, who are related to each other and they are also related to Shri Virendra Jain, director of the Company.

By Order of the Board of Directors

Mumbai, 31st July, 2002

J. K. JAIN
Executive Chairman

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on code of governance :

The Company strongly believes in fair, efficient and transparent business operations, proper disclosure of relevant information and to serve the best interest of all the stakeholders, viz., the employees, shareholders, customers, the Government and the Society at large.

Directors-Chairman, Managing Director and Director-Works are Executive Directors. There are six Non-Executive Directors of which five Directors are Independent Directors. The number of independent Directors on the Board is in conformity with the requirement of Clause 49(I)(A) of the Listing Agreement.

2. Board of Directors :

The present strength of the Board is nine Directors. The Board comprises of Executive and Non-Executive Directors. Three

Five Board Meeting were held during the year ended 31st March, 2002 on 29th June, 2001, 31st July, 2001, 30th October, 2001, 31st January, 2002 and 4th March, 2002.

Name of the Director	Category of Directorship	No. of Board Meetings Attended	Whether present At the Last AGM	No. of Other Directorships Held (In Public Companies)	No. of other Board committees positions held
SHRI J. K. JAIN	Chairman (Executive)	5	Yes	3	NIL
SHRI S. P. JAIN	Managing Director (Executive)	5	Yes	2	1-Memeber 1-Chairman
SHRI VIRENDRA JAIN	Non-Executive	4	No	3	Nil
SHRI K. M. DOONGAJI	Non-Executive, Independent	5	Yes	NIL	NIL
SHRI S. H. JUNNARKAR	Non-Executive, Independent	5	No	11	8-Member
SHRI D. K. CONTRACTOR	Non-executive, Independent	5	No	8	5-Member
SHRI V. S. PANDIT	Executive,	NIL	No	NIL	NIL
DR. P. P. SHAH*	Non-Executive, Independent	1	No	5	3-Member
SHRI K. P. GUPTA**	Non-Executive, Independent	1	No	1	NIL

* Dr. P. P. Shah appointed w.e.f. 31-01-2002.

** Shri K. P. Gupte appointed w.e.f. 31-01-2002.

Brief Resume of Directors who are proposed to be appointed :

It has been proposed to appoint Dr. P. P. Shah and Shri K. P. Gupte as Directors of the Company. They were appointed during the year as additional Directors.

Dr. P. P. Shah is practising Chartered Accountant having over 32 years of professional experience (out of which 6 years were in U.S.A.) in the areas of Financial Consultancy, Corporate Structuring/ Restructuring, Management Consultancy, Foreign Collaborations, Business Re-Organisations (Mergers, Acquisitions, De-Mergers, Slump Sale Etc.) Taxation, Valuation, Property Matter Accounting, Auditing, Company Law and FERA.

He is Member of Institute of Chartered Accountants of India (ICAI) and Institute of Cost and Works Accountants of India (ICWA). He has also done Ph.D. in Cost Accounting, University of Bombay. He is also Member of Taxation Committee of The Indian Merchants' Chambers.

He has published four books-three in the U.S.A. and one in India. He has also contributed several technical papers and conferences and published articles in professional journals, business magazines and financial newspapers. He has also

given talks at the seminars/workshops organised by various professional/business organisations,

He is also on the Board of various companies like Adani Exports Ltd., Himachal Futuristic Communications Ltd., J.M. Financial & Investment Consultancy Services Pvt. Ltd., Benchmark Trustee Company Ltd., Claris Life Sciences Ltd., Bhansali Engineering Polymers Ltd., etc.

Mr. K. P. Gupte is holding B.Com (Hons), Post Grad. Diploma in Banking, C.A.I.I.B. and Post Graduate Diploma in Business Administration.

Mr. Gupte has worked with SICOM Ltd for 32 years and retired as Senior General Manager being the senior most rank in the executive cadre outside Board of Directors, functioned as Chairman of Committee of Senior Executives in deciding on the matters of sanctions of term financial assistance under powers delegated by the Board of Directors.

He is presently rendering professional services as corporate financial advisor and is connected with few corporates on retainer basis. He is also on the board of Paramount Centrispun Casting Ltd.

3. Audit Committee :

The Company has constituted Audit Committee of the three Non-Executive Directors viz. Shri K. M. Doongaji as Chairman of the Committee and Shri D. K. Contractor and



Shri Virendra Jain as members. The majority of the members are independent Directors. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1945 and Clause 49 of the Listing Agreement.

The terms of reference stipulated by the Board to the Audit Committee, are, as contained under Clause 49 of the Listing Agreement, as follows:

- (a) Oversight of the Company's financial reporting process and the disclosure of its financial information.
- (b) Recommending the appointment and approval of external Auditors, fixation of audit fee and also approval for payment for any other service.
- (c) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) Compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- (d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- (e) Reviewing the adequacy of internal audit functions.
- (f) Discussion with internal auditors any significant findings and follow up there on.
- (g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the board.
- (h) Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- (i) Reviewing the Company's financial and risk management policies.
- (j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.

The Audit Committee met three times during the year 2001-2002, on 29th June, 2001, 30th October, 2001, 31st January, 2002. Shri K. M. Doongaji and Shri Virendra Jain were present for three meetings and Shri D. K. Contractor was present for two meetings.

4. Remuneration Committee & details of remuneration to Directors :

The Company has decided not to form remuneration committee as it is a non-mandatory requirement. Presently, three Directors are whole time Directors. The remuneration

paid to Whole Time Directors is subject to the limits laid down under Sections 198 and 309 and Schedule XIII to the Companies Act, 1956. The remuneration consists of Salary, Company's contribution to Provident Fund and Superannuation Fund, and other perquisites and allowances in accordance with the rules of the Company, applicable from time to time.

The Whole Time Directors are not paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

The Non-Executive Directors are paid sitting fees @ Rs. 2000/- per meeting and out of pocket expenses to attend the meetings.

The details of remuneration paid to the Directors (including perquisites and allowances) for the year ended 31st March, 2002 are as under

Name of Director	Sitting Fees	Salary	Perqui-sites	Total
Shri J. K. Jain	NIL	24,00,000	4,38,412	28,38,412
Shri S. P. Jain	NIL	24,00,000	3,41,498	27,41,498
Shri Virendra Jain	8,000	NIL	NIL	8,000
Shri K. M. Doongaji	16,000	NIL	NIL	16,000
Shri S. H. Junnarkar	10,000	NIL	NIL	10,000
Shri D. K. Contractor	16,000	NIL	NIL	16,000
Shri V. S. Pandit	NIL	7,60,880	15,000	7,75,880
Dr. P. P. Shah	2,000	NIL	NIL	2,000
Shri K. P. Gupte	2,000	NIL	NIL	2,000

The Company has paid Rs. 7,58,085/- as professional Charges during the period 31-01-2002 to 31-03-2002 to M/s. Pravin P. Shah and Associates, Chartered Accountants.

The Company has paid advance against Professional Charges of Rs. 50,000/- and Rs. 1,500/- against bills to Kanga & Co., Solicitors Firm in which Mr. Sandeep Junnarkar is a partner.

5. Share Transfer and Investors' Grievances Redressal Committee

The Company has delegated the powers to approve the transfer of shares to the Executive Committee consisting of Shri Virendra Jain, a Non-Executive Director-Chairman and Shri S. P. Jain. The Share Transfer Committee has met 38 times during the year.

Name and designation of Compliance Officer:

Shri Jignesh Pandya, Company Secretary

4225 Shareholders complaints received during the year ended 31-03-2002

4126 complaints resolved to the satisfaction of shareholders
99 pending complaints as on 31st March, 2002 which were attended and replied to on or before 10th April, 2002.