

Jai Corp LIMITED

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18TH ANNUAL REPORT 2002-2003

HIGHLIGHTS

	2002-2003 (Rs. in lacs)	2001-2002 (Rs. in lacs)	2000-2001 (Rs. in lacs)	1999-2000 (Rs. in lacs)	1998-99 (Rs. in lacs)
Sales, services & other income	23288.67	20294.59	27259.12	31726.10	29269.26
Depreciation	900.25	934.36	946.39	1030.98	1145.06
Profit before tax	1874.86	2295.55	3129.28	2187.68	2084.26
Tax for the year	166.07	148.09	237.00	100.00	424.00
Profit after tax	1708.79	2147.46	2892.28	2087.68	1660.26
Dividend (including tax thereon)	NIL	NIL	224.48	226.11	226.13
Plough back (including depreciation)	2627.87	3084.23	3616.06	2900.24	2580.30
Shareholders' fund (Net worth)	22416.07	20812.50	19849.14	17179.47	15310.21
Debt/Equity Ratio	0.00/1	0.00/1	0.00/1	0.00/1	0.00/1

JAI CORP LIMITED

18TH ANNUAL REPORT 2002-2003

BOARD OF DIRECTORS

(As on 17th June, 2003)

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

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. Plastic Processing 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.)
140/1/1/1-1-140/1/1/9, Village Khadoli,
Silvassa-396 230
[Dadra & Nagar Haveli (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

- "KARVY HOUSE"
46, Road No. 4, Street No. 1,
Banjara Hills, Hyderabad-500 034.
Tel.: 040-3312454/3320251/751/752
Fax: 040-3311968
- 7, Andheri Industrial Estate,
Off Veera Desai Road,
Andheri (West), Mumbai-400 053.
Tel.: 022-26730153/0292/0311/0799/0843
Fax: 022-26730152



NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of JAI CORP LIMITED will be held on Tuesday, the 26th August, 2003 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, 2003 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 D. K. Contractor, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S. P. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri V. S. Pandit, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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:

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, and the Rules framed 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 the Resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the Stock Exchange at Ahmedabad."

By Order of the Board of Directors

J. K. JAIN
Executive Chairman

Mumbai, 17th June, 2003

NOTES :

1. An Explanatory Statement under Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting 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 Thursday, the 14th August 2003 to Tuesday, the 26th August, 2003 (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 Govt.

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, 31-03-2000 and 31-03-2001 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 certificate 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. Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s. Karvey Consultants Limited.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956
ITEM NO. 6:

Presently, the Company's equity shares are listed on the following three Stock Exchanges in India:

- (i) The Stock Exchange, Mumbai (the Regional Stock Exchange) (BSE)
- (ii) The National Stock Exchange of India Limited, Mumbai (NSE)
- (iii) The Stock Exchange, Ahmedabad (ASE)

With the extensive networking of The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India Limited (NSE), and the extension of the BSE/NSE terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the NSE, and the depth and liquidity of trading in the Company's equity shares on Ahmedabad Stock Exchange is very low.

The Company's equity shares are one of the scrips which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors, since 9th March, 2001. In view of the extremely low trading volumes, the benefits accruing to the investors by keeping the shares of the company listed on Ahmedabad Stock Exchange is not commensurate with the costs incurred by the Company for continued listing on the Ahmedabad stock exchange.

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. Under these Guidelines a Company may delist from stock exchanges where its securities are listed provided that:

1. the securities of the Company have been listed for a minimum period of 3 years on any stock exchange; and
2. an exit opportunity has been given to the investors at an exit price to be determined in accordance with "book building process". However, in cases where the securities of the Company continue to be listed in a stock exchange having nation wide trading terminals, i.e. BSE or NSE, exit opportunity need not be given.

In line with these Guidelines, members' approval is being sought by a Special Resolution for delisting of Company's equity shares from the Ahmedabad Stock Exchange. Since, the Company's equity shares would continue to be listed on BSE and NSE, it is permissible to seek delisting of the Company's equity shares from ASE without providing an exit opportunity in terms of said delisting guidelines.

Your Directors recommend the Special Resolution for approval of members.

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

By Order of the Board of Directors

Mumbai, 17th June, 2003

J. K. JAIN
Executive Chairman

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DIRECTORS' REPORT

The Directors have pleasure to present the Eighteenth Annual Report and Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

	31-03-2003	(Rs. In lacs) 31-03-2002
Sale & Services (Gross)	22,585.62	19,207.50
Less:		
Excise duty recovered on sale	1,983.23	2,369.96
Net Sales	20,602.39	16,837.54
Operating Profit	3,124.14	3,276.31
Less:		
Provision for diminution in Investments	306.33	1.82
Less: Finance Charges	42.70	44.58
Gross Profit	2,775.11	3,229.91
Less: Depreciation	900.25	934.36
Profit Before Tax	1,874.86	2,295.55
Less: Provision for Tax	166.07	148.09
Profit after Tax	1,708.79	2,147.46
Balance brought forward from last year	867.95	944.17
Transferred from Investment Allowance (Utilised) Reserve	—	805.42
Prior period Adjustments (Net)	18.83	2.72
Excess provision for Income Tax in earlier years	97.20	—
Amount available for Appropriations	2,692.77	3,899.77
Appropriations		
General Reserve	170.00	3,031.82
Surplus carried to Balance Sheet	2,522.77	867.95
Total	2,692.77	3,899.77

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 company was able to improve its performance in the Steel Division, which was mainly due to substantial exports. This was due to better demand in the International Markets. The Company's Plastic Processing Division was also able to maintain its position in spite of stiff competition, rising cost etc. Income from the investments has reduced during the year due to reduction in investment in Mutual Fund.

In the month of April 2003, there was a fire in one of the rolling Mills at Company's Steel Plant at Nanded. However, there were no casualties but the production was partially affected for around three weeks. The assets were fully insured.

EXPORT ORIENTED UNIT

The Company has established a 100 % EOU at Village Kahdoli, Silvassa, [Dadra & Nagar Haveli (U.T.)] for manufacture of woven sacks, fabric etc. The unit has started commercial production during the year under review.

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.

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 01-04-2003 to 31-03-2004.

DELISTING OF SHARES AT THE STOCK EXCHANGE, AHMEDABAD

The equity shares of the Company are listed on The Stock Exchange - Mumbai, The National Stock Exchange of India Ltd., Mumbai and The Stock Exchange - Ahmedabad.

It is proposed to delist shares from The Stock Exchange - Ahmedabad, since most of the trading in equity shares takes place on The Stock Exchange-Mumbai and The National Stock Exchange of India Limited and the negligible trading at The Stock Exchange-Ahmedabad which do not justify the continuance of listing at The Stock Exchange - Ahmedabad.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Shri D. K. Contractor, Shri S. P. Jain and Shri V. S. Pandit retire by rotation and being eligible offer themselves for reappointment.

Shri K. P. Gupte had resigned from the Board. Your Directors place on record their appreciation of the valuable services rendered by Shri K. P. Gupte.

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, 2003, 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:

DIRECTORS' REPORT (Contd.)

- (iii) 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;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2003 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 certificate 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

The relations with the employees continued to be cordial and satisfactory.

REDUCTION OF SHARE CAPITAL PURSUANT TO SCHEME OF ARRANGEMENT FOR SMALL SHAREHOLDERS:

During the year, pursuant to a Scheme of Arrangement under Section 391-394 of the Companies Act, 1956 as sanctioned by the Hon'ble High Court at Bombay by its Order dated 6th June, 2002 and consequent to the reduction of equity share capital and share premium account as confirmed by the Hon'ble High Court at Bombay by its further Order dated 27th September, 2002, the Company has cancelled 6,32,122 equity shares and accordingly the paid up share capital stands reduced from Rs. 9,26,13,000/- to Rs. 8,63,14,000/- and Company's Share Premium account stands reduced from Rs. 62,26,25,000/- to Rs. 60,68,21,950/-.

CORPORATE GOVERNANCE

The Company has complied with the applicable requirements under Clause 49 of the Listing Agreement with the Stock Exchange. A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as Stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

ACKNOWLEDGEMENTS

Your Directors expresses their grateful appreciation for the assistance and co-operation received from the Banks, Institutions, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors 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, 17th June, 2003

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) The Company has taken various steps for minimisation of energy consumption by putting continuous efforts towards optimisation of operating and processing activities, upgradation of plant equipments, etc.
- (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:
Due to various steps taken, the Company has been able to conserve the energy more effectively.

(d) FORM-A

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

	Current Year Ended 31.03.2003	Pervious Year Ended 31.03.2002
(a) Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units	27196874	20044144
Total Amount (Rs.)	95526503	74522119
Average Rate/Unit (Rs.)	3.51	3.72
(b) Own generation through Diesel Generator		
Units	1384394	1530553
Unit per ltr. of Diesel Oil	3.11	3.20
Average Rate/Unit (Rs.)	5.55	5.01
2. Others		
(a) HSD		
Quantity (KL)	2038.69	1601.04
Total Amount (Rs.)	33743856	25457798
Average Rate/KL (Rs.)	16551.71	15900.75
(b) LPG		
Qty(KL)	427.55	352.50
Total Amount (Rs.)	7706457	6790456
Average Rate (Rs. per KL)	18024.69	19263.70

(b) Consumption per unit of production

Product	Year ended 31.03.2003			Year ended 31-03-2002		
	GP/GC Coils/ Sheets	CR Coil/ Sheets	Woven Sacks/ Fabrics Bags	GP/GC Coils/ Sheets	CR Coil/ Sheets	Woven Sacks/ Fabrics Bags
Production (MT)	60986	59780	7578	50450	34671	7953
Electricity	87.16	219.62	1336.48	90.13	206.99	3432.89
Others						
(a) HSD (KL)	0.018	0.01	0.04	0.018	0.01	0.06
(b) LPG (KL)	0.007	—	—	0.007	—	—

B. RESEARCH & DEVELOPMENT (R & D)

In house Research & Development work is carried out to develop the new products/improve the existing products by the Company. 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 31-03-2003, 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. 7664.59
(2) CIF Value of Import	Rs. 258.81
(3) Expenditure in Foreign Currency	Rs. 31.49

By Order of the Board of Directors

Mumbai, 17th June, 2003

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	71	Executive Chairman	2,860,943	Matric	52	01-10-1995	Business
S. P. Jain	48	Managing Director	3,963,873	B.com	27	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.							
B. S. Mohnani	51	Vice-President (Operation)	263,895	M.Tech.	25	14-01-2003	Uttam Steels Ltd. General Manager, (Cold Rolling Mills Complex) (3 Years)
D. Dubge	40	Vice-President	504,000	M.B.A. (Finance)	20	25-11-2002	Virgo Polymer India Ltd. G. M. (Export) (2 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
J. K. JAIN
Executive Chairman

Mumbai, 17th June, 2003

REPORT ON CORPORATE GOVERNANCE

- 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.
- Board of Directors:**
The present strength of the Board is Eight Directors. The Board comprises of Executive and Non- Executive Directors.

Three Directors – Chairman, Managing Director and Director-Works are executive Directors. There are five Non-executive Directors of which four 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.

Six Board Meeting were held during the year ended 31st March, 2003 on 29th June, 2002, 3rd July, 2002, 31st July, 2002, 27th August, 2002, 29th October, 2002, 31st January, 2003.

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)	6	No	4	NIL
SHRI S. P. JAIN	Managing Director (Executive)	4	Yes	2	4-Member 2-Chairman
SHRI VIRENDRA JAIN	Non-executive	5	No	3	NIL
SHRI K. M. DOONGAJI	Non-executive, Independent	5	Yes	NIL	NIL
SHRI S.H. JUNNARKAR	Non-executive, Independent	6	No	13	10-Member
SHRI D.K. CONTRACTOR	Non-executive, Independent	5	No	8	8-Member 1-Chairman
SHRI V. S. PANDIT	Executive	2	No	NIL	NIL
DR. P. P. SHAH	Non-executive, Independent	3	No	4	5-Member
SHRI K.P. GUPTA *	Non-executive, Independent	1	No	1	NIL

* Resigned w.e.f. 30-04-2003

Brief Resume of Directors who are proposed to be re-appointed:

It has been proposed to re-appoint Shri D. K. Contractor, Shri S. P. Jain and Shri V. S. Pandit as Directors of the Company who are liable to retire by rotation and being eligible offer themselves for re-appointment.

Shri D. K. Contractor

Shri D. K. Contractor is a commerce graduate from Bombay University and Member of Certified Associate and Fellow of Indian Institute of Bankers. He is having a very wide experience of over 40 years in Banking and Administrative matters. He retired as Executive Director of Central Bank of India. He is also on the Board of Infrastructure Leasing & Financial Services Ltd., Lupin Chemicals Ltd., Mazda Ltd., Patel On Board Couriers Ltd., Tufropes Ltd., Victoria Mills Ltd., Zoroastrian Co-operative Bank Ltd., Centre for Promotion of Entrepreneurship.

Shri S. P. Jain

Shri S. P. Jain is a Commerce Graduate from Bombay University. He is the Managing Director of the Company since 1995. He is having to his credit more than 27 years overall

experience in manufacturing and marketing of cold rolled and galvanized plain and corrugated sheets. He is having overall responsibility of entire Steel Division and in particular, in manufacturing, marketing and export functions of the Steel Division of the Company. He has taken major initiatives in development of Company's Exports in the International markets.

He is Chairman of Reliance Industrial Infrastructure Limited and is also Chairman of its Investor Grievance Committee, Audit Committee and member of its Remuneration Committee. He is also on the Board of Magico Exports & Consultants Ltd., Key Builders Pvt. Ltd., Chinchwad Yatayat Pvt. Ltd., Navnetra Trading Pvt. Ltd., Richmond Traders Pvt. Ltd., Sreetech Agglomerate Pvt. Ltd., Sunrise Computers Pvt. Ltd.

He is also Chairman of Cold Rolled Steel Manufacturers Association (CROSMA).

Shri V. S. Pandit

Shri V. S. Pandit is a Science Graduate from Bombay University. He is having more than 22 years in the Plastic Industry and more than 20 years in the woven sacks/bags



REPORT ON CORPORATE GOVERNANCE (Contd.)

Industry. He has wide experience in setting up and operation of woven sacks manufacturing units. He was associated in the technical capacity in setting up around 15 manufacturing units of woven sacks all over India. He is associated with the Company since 1988 and is whole-time Director of the Company since 1997 with overall responsibility of the manufacturing and export activities of Packaging Division.

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 2002-2003 on 29th June, 2002, 28th October, 2002 and 31st January, 2003. Shri K. M. Doongaji, Shri Virendra Jain and Shri D. K. Contractor were present for all the three 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, 2003 are as under:

Name of Director	Sitting Fees	Salary	Perquisites	Total
Shri J. K. Jain	NIL	24,00,000	2,75,942	26,75,942
Shri S. P. Jain	NIL	24,00,000	15,68,373	39,68,373
Shri Virendra Jain	16,000	NIL	NIL	16,000
Shri K. M. Doongaji	16,000	NIL	NIL	16,000
Shri S. H. Junnarkar	12,000	NIL	NIL	12,000
Shri D. K. Contractor	16,000	NIL	NIL	16,000
Shri V. S. Pandit	NIL	7,92,560	15,000	8,07,560
Dr. P. P. Shah	6,000	NIL	NIL	6,000
Shri K. P. Gupte	2,000	NIL	NIL	2,000

The Company has paid Rs. 17,04,725/- as professional Charges during the period 01-04-2002 to 31-03-2003 to M/s. Pravin P. Shah and Associates, Chartered Accountants, a Firm in which Dr. P. P. Shah is a partner.