

Jai Corp LIMITED

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19th
ANNUAL REPORT
2003 - 2004

HIGHLIGHTS

| | 2003 - 2004 (Rs. in Lacs) | 2002 - 2003 (Rs. in Lacs) | 2001 - 2002 (Rs. in Lacs) | 2000 - 2001 (Rs. in Lacs) | 1999 - 2000 (Rs. in Lacs) |
|------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Sales, Services & Other Income | 22,844.43 | 23288.67 | 20294.59 | 27259.12 | 31726.10 |
| Depreciation | 830.26 | 900.25 | 934.36 | 946.39 | 1030.98 |
| Profit before tax | 3918.53 | 1874.86 | 2295.55 | 3129.28 | 2187.68 |
| Tax for the year | 1159.31 | 166.07 | 148.09 | 237.00 | 100.00 |
| Profit after tax | 2759.22 | 1708.79 | 2147.46 | 2892.28 | 2087.68 |
| Dividend (including tax thereon) | Nil | Nil | Nil | 224.48 | 226.11 |
| Plough back including depreciation | 3590.25 | 2627.87 | 3084.23 | 3616.06 | 2900.24 |
| Shareholders' Funds (Net Worth) | 25202.97 | 22416.07 | 20812.50 | 19849.14 | 17179.47 |
| Debt / Equity Ratio | 0.00/1 | 0.00/1 | 0.00/1 | 0.00/1 | 0.00/1 |

JAI CORP LIMITED

19TH ANNUAL REPORT 2003 - 2004

BOARD OF DIRECTORS

(As on 29th June, 2004)

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

S. N. Chaturvedi

Gaurav Jain

V. S. Pandit
Director-Works

REGISTERED OFFICE :

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

MANUFACTURING FACILITIES AT :

- 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 (U.T.)

140/1/1/1-1-140/1/1/9, Village Khadoli
Silvassa [(Dadra & Nagar Haveli (U.T.))]
- Sipta Coated Steels Division**
A-3, M.I.D.C. Indl. Area,
Nanded, Maharashtra.
- Comet Steels Division**
A-4, M.I.D.C. Indl. Area,
Nanded, Maharashtra.

COMPANY SECRETARY

D. V. Iyer

AUDITORS

Chaturvedi & Shah
Chartered Accountants

BANKERS

Canara Bank

REGISTRARS & TRANSFER AGENT

KARVY COMPUTERSHARE PVT LIMITED

- "KARVY HOUSE"
46, Road No. 4, Street No. 1,
Banjara Hills, Hyderabad - 500 034.
Tel. : 040-23312454/23320251/751/752
Fax : 040-23311968
- 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 Ninteenth Annual General Meeting of the Members of **JAI CORP LIMITED** will be held on Friday, the 10th September, 2004 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, 2004 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 S H Junnarkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. P P Shah 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. "RESOLVED THAT Shri S N Chaturvedi, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of Ninteenth Annual General Meeting, being eligible for appointment and in respect of whom Notice in writing under Section 257 of the Companies Act, 1956, has been received by the Company, be and is hereby appointed as a Director of the Company."
7. "RESOLVED THAT Shri Gaurav Jain, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of Ninteenth Annual General Meeting, being eligible for appointment and in respect of whom Notice in writing under Section 257 of the Companies Act, 1956, has been received by the Company, be and is hereby appointed as a Director of the Company."

By Order of the Board of Directors

Mumbai
29th June, 2004

J. K. JAIN
Executive Chairman

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 Wednesday, the 1st September, 2004 to Friday, the 10th September, 2004 (both days inclusive).
4. The amount of unclaimed dividend for the financial year ended 31st March, 1996 has been transferred to the "Investors Education and Protection Fund" pursuant to the provisions of Section 205C of the Companies Act, 1956.

The Members who have not encashed the dividend warrant (s) for the financial Year ended 31-03-1997 to 31-03-2001 are requested to make their claim to the Registrars and Transfer Agent, M/s Karvy Computershare Pvt. Ltd. It may also be noted that once the unpaid dividend is transferred to the Fund 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 Karvy Computershare Pvt. Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :
Item No. 6 :

In order to broad base the Board, Shri S.N.Chaturvedi was appointed as an Additional Director by the Board of Directors at their meeting held on 12th March, 2004.

Shri S. N. Chaturvedi is highly qualified professional having degrees and qualifications of B.Tech (Hons), MBA, FCA. He has over 20 years experience as a practicing Chartered Accountant as partner of M/s. Chaturvedi & Company, Chartered Accountants. He is heading the Mumbai Branch of the Firm.

He is having vast knowledge in the areas of Audit & Taxation, Project Finance, Corporate Finance, Investment Banking, Amalgamation & Mergers, Corporate laws, International Finance, Corporate Advisory Services, International Taxation, Due Diligence exercises, Valuation of business/companies, Restructuring & Rehabilitation and Strategic Business Planning.

He is also having varied experience of Audit of Banks, Financial Institutions, Public Sector Units and large Corporates. He is also having valuable experience in monitoring/ inspection/ investigation of units/companies at the behest of Financial Institutions/Banks, Income Tax authorities, High Courts, Company Law authorities as well as inspection of Mutual Funds, Stock Exchange Brokers and Plantation companies on behalf of SEBI.

He has presented several papers at Seminars on the Capital markets, Investment Banking, Project Finance, Working Capital Management and Mutual Funds. He has travelled extensively abroad in connection with Joint Ventures, Technical and Financial collaborations.

Shri Chaturvedi is Chairman of Audit Committee of the Board of Directors of N. R. Agarwal Industries Limited and UTI Securities Limited. He is also on the Board of Tufropes Private Limited, Incab Industries Limited, Shree Synthetics Limited, DCM Shriram Consolidated Limited and Balkrishna Industries Limited.

In accordance with the provisions of Section 260 of the Companies Act, 1956, Shri Chaturvedi will hold office upto the date of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received by a Member signifying his intention to propose Shri S.N.Chaturvedi as Director of the Company. The Board considers Mr Chaturvedi's association as a Director in the best interest of the Company and recommend passing of the ordinary resolution. None of

the Directors, except Shri S. N.Chaturvedi are, in any way, concerned or interested in the resolution.

Item No. 7 :

Shri Gaurav Jain was appointed as an Additional Director by the Board of Directors at their meeting held on 12th March, 2004.

Shri Gaurav Jain has graduated with dual degrees from The Wharton School – Bachelor of Science in Economics with specialisation in Finance and School of Engineering and Applied Science – Bachelor of Science in Engineering with Major in Computer Science and Engineering from University of Pennsylvania, USA.

He is on the Board of Cellbion Interactive Private Limited which is a business process outsourcing (BPO) Company focused in voice operations. He has set up the Company from base and recruited a professional team to take management control of the organisation. He is also on the Board of Pet Fibres Limited which is engaged in the manufacturing of woven sacks.

As per the provisions of Section 260 of the Companies Act, 1956, Shri Gaurav Jain will hold office upto the date of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received by a Member signifying his intention to propose Shri Gaurav Jain as Director of the Company.

The Board considers Shri Gaurav Jain association as a Director would be beneficial to the Company and recommend passing of the ordinary resolution.

Shri Gaurav Jain may be considered interested in the resolution since it relates to his appointment as Director. Shri J K Jain, Shi S P Jain and Shri Virendra Jain may be deemed to be interested in the resolution pertaining to the appointment of Shri Gaurav Jain, as they are related to each other. Save and except as above, none of the other Directors is in any way concerned or interested in the resolution.

By Order of the Board of Directors

Mumbai,
29th June, 2004

J. K. JAIN
Executive Chairman



DIRECTORS' REPORT

The Directors have pleasure to present the Nineteenth Annual Report and Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

| | (Rs. In lacs) | |
|--|---------------|------------|
| | 31-03-2004 | 31-03-2003 |
| Sale & Services (Gross) | 21,741.86 | 22,585.62 |
| Less: Excise duty recovered on sale | 1,942.23 | 1,983.23 |
| Net Sales | 19,799.63 | 20,602.39 |
| Operating Profit | 4,809.36 | 3,124.14 |
| Less : Provision for diminution in Investments | 28.14 | 306.33 |
| Less : Finance Charges | 32.43 | 42.70 |
| Gross Profit | 4,748.79 | 2,775.11 |
| Less : Depreciation | 830.26 | 900.25 |
| Profit Before Tax | 3,918.53 | 1,874.86 |
| Less : Provision for Tax | 1,159.31 | 166.07 |
| Profit after Tax | 2,759.22 | 1,708.79 |
| Balance brought forward from last year | 2,522.77 | 867.95 |
| Prior period Adjustments (Net) | 0.77 | 18.83 |
| Excess provision for Income Tax in earlier years | 26.91 | 97.20 |
| Amount available for Appropriations | 5,309.67 | 2,692.77 |
| Appropriations : | | |
| General Reserve | 275.00 | 170.00 |
| Surplus carried to Balance Sheet | 5,034.67 | 2,522.77 |
| Total | 5,309.67 | 2,692.77 |

DIVIDEND :

In order to conserve the resources of the Company the Board have decided not to recommend any dividend on Equity Shares of the Company.

OPERATIONS :

During the year under review, the Company was able to maintain its performance in the Steel Division, inspite of stiff competition in the international markets. The Company has discontinued its manufacturing operations at Plastic Processing Unit situated at Rakholi (Silvassa) from November, 2003 and after the close of the financial year, at Masat (Silvassa) and Daman.

EXPORT ORIENTED UNIT :

The 100% EOU established by the Company for manufacture of woven sacks, fabric, etc. at Village Khadoli in Silvassa has achieved an export Turnover of Rs.12 crores, during the year under review.

FIXED DEPOSITS :

The Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956, and the rules framed thereunder.

LISTING OF EQUITY SHARES :

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

The Stock Exchange, Mumbai

The National Stock Exchange of India Limited

The Company has paid the Listing fees to all the above Stock Exchanges for the period 01-04-2004 to 31-03-2005.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Shri Virendra Jain, Shri S H Junnarkar and Dr. P P Shah, retire by rotation and being eligible offer themselves for reappointment.

Shri S N Chaturvedi and Shri Gaurav Jain were appointed as Additional Directors on the Board on 12th March, 2004 and hold office upto the date of the ensuing Annual General Meeting. Notice 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 :

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2004, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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 :
- (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, 2004 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 has 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 REALTING 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 under Section 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.

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, forms part of the Annual Report.

ACKNOWLEDGEMENTS :

Your Directors express 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
29th June, 2004

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.

Consumption per unit of production :

| Product | Year ended 31.03.2004 | | | Year ended 31-03-2003 | | |
|-----------------|--------------------------|-----------------|-------------------------|--------------------------|-----------------|------------------------|
| | GP/GC Coils/ Sheets Bags | CR Coil/ Sheets | Woven sacks / Fabrics / | GP/GC Coils/ Sheets Bags | CR Coil/ Sheets | Woven Sacks/ Fabrics / |
| Production (MT) | 48,003 | 46,903 | 7,240 | 60,986 | 59,780 | 7,578 |
| Electricity | 99.61 | 256.74 | 1,280.89 | 87.16 | 219.62 | 1,336.48 |
| Others | | | | | | |
| a) HSD (KL) | 0.02 | 0.01 | — | 0.02 | 0.01 | 0.04 |
| b) LPG (KL) | 0.01 | — | — | 0.01 | — | — |

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 31-03-2004, 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. 6000.24 |
| 2) CIF Value of Import | Rs. 127.42 |
| 3) Expenditure in Foreign Currency | Rs. 61.05 |

By Order of the Board of Directors

Mumbai
29th June, 2004

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. 24,00,000/- per year. | | | | | | | |
| J. K. Jain | 72 | Executive Chairman | 26,69,201 | Matric | 53 | 01.10.95 | Business |
| S. P. Jain | 49 | Managing Director | 26,72,249 | B. Com. | 28 | 01.10.95 | Comet Steels Ltd. Managing Director (10 years) |

Notes :

- Remuneration as above includes Salary, Allowance, 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.
- The nature of employment in all cases is contractual
- 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 and Gaurav Jain, Directors of the Company.

By Order of the Board of Directors
J. K. Jain
Executive Chairman

Mumbai, 29th June, 2004

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.

2. Board of Directors :

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

Three Directors- Chairman , Managing Director and Director- Works are executive Directors. There are seven 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.

Nine Board Meetings were held during the year ended 31st March, 2004 on 17th June, 2003, 31st July, 2003, 10th September, 2003, 17th October, 2003, 31st October, 2003, 4th December, 2003, 5th January, 2004, 4th February, 2004, and 12th March, 2004.

| Name of the Director | Category of Directorship | No. of Board Meetings Attended | No. of Other Directorships Held (In Public Companies) | No. of other Board committees positions held |
|-----------------------|-------------------------------|--------------------------------|---|--|
| Shri J.K.Jain | Chairman (Executive) | 9 | 1 | NIL |
| Shri S. P. Jain | Managing Director (Executive) | 9 | 3 | 1 - Member 1 - Chairman |
| Shri Virendra Jain | Non-executive | 7 | 3 | Nil |
| Shri K. M. Doongaji | Non-executive, Independent | 9 | NIL | NIL |
| Shri S.H. Junnarkar | Non-executive, Independent | 6 | 14 | 8 - Member |
| Shri D.K. Contractor | Non-executive, Independent | 8 | 5 | 4 - Member |
| Shri V. S. Pandit | Executive, Director – Works | 3 | NIL | NIL |
| Dr. P. P. Shah | Non-executive, Independent | 4 | 5 | 3 - Member |
| # Shri S N Chaturvedi | Non-executive, Independent | 1 | 4 | 2 - Chairman |
| # Shri Gaurav Jain | Non-executive | 1 | Nil | NIL |

Appointed as Additional Director wef 12th March, 2004

None of the Directors were able to attend the 18th Annual General Meeting held on 26.08.2003, due to the bomb blasts that occurred in Mumbai on 25.08.2003.

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

Shri S N Chaturvedi :

Shri S.N.Chaturvedi is highly qualified professional having degrees and qualifications of B Tech (Hons), MBA, FCA.

He has over 20 years experience as a practicing Chartered Accountant as partner of M/s. Chaturvedi & Company, Chartered Accountants. He is heading the Mumbai Branch of the Firm.

He is having vast knowledge in the areas of Audit & Taxation, Project Finance, Corporate Finance, Investment Banking, Amalgamation & Mergers, Corporate laws, International Finance, Corporate Advisory Services, International Taxation, Due Diligence exercises, Valuation of business/companies, Restructuring & Rehabilitation and Strategic Business Planning.

He is also having varied experience of Audit of Banks, Financial Institutions, Public Sector Units and large Corporates. He is also having valuable experience in monitoring/ inspection/ investigation of units/companies at the behest of Financial Institutions/Banks, Income Tax authorities, High Courts, Company Law authorities as well as inspection of Mutual Funds, Stock Exchange Brokers and Plantation companies on behalf of SEBI.

He is also on the Board of Balkrishna Industries Ltd, DCM Shriram Consolidated Ltd., N R Agarwal Industries Ltd., and UTI Securities Ltd.

Shri Gaurav Jain :

Shri Gaurav Jain has graduated with dual degrees from The Wharton School – Bachelor of Science in Economics with specialisation in Finance and School of Engineering and Applied Science – Bachelor of Science in Engineering with major in Computer Science and Engineering from University of Pennsylvania, USA.

He is on the Board of Cellbion Interactive Private Limited which is a business process outsourcing (BPO) Company focused in voice operations. He has set up the company from base and recruited a professional team to take management control of the organisation. He is also on the Board of Pet Fibres Limited which is engaged in the manufacturing of woven sacks.

Shri Virendra Jain :

Shri Virendra.Jain is a Commerce Graduate from Bombay University. He is associated with the Company since 1986.

He is having more than 18 years experience in manufacturing and is having overall responsibility of marketing and export functions of HDPE/PP woven bags and sacks. He has taken major initiatives in development of Company's Exports in the International markets. He is also on the Board of Nidhi Polyester Ltd, Pet Fibres Ltd., and Suniti Commercials Ltd.

Shri S H Junnarkar :

Shri S H Junnarkar is a B.Sc. graduate, a Law graduate from the Bombay University and a Solicitor by profession. Before setting up his independent practice, he was associated with M/s Kanga & Company, a reputed Law Firm as a Partner for over 21 years and has specialised in Banking laws, Corporate laws including Monopolies laws, Exchange Control laws and Securities Regulations.



REPORT ON CORPORATE GOVERNANCE (Contd.)

He is also on the Board of various companies like Ambuja Cement India Ltd., Ambuja Cement Rajasthan Ltd., Excel Crop Care Ltd., ILFS Infrastructure Development Corporation Ltd., IPCL, Reliance Capital Ltd., Reliance Industrial Infrastructure Ltd., Reliance Ind. Inv. & Holdings Ltd., Reliance Life Insurance Co. Ltd., Reliance Ports and Terminals Ltd., Sterlite Industries Ltd., TilakNagar Inds. Ltd., and. Interconnected Stock Exchange of India Ltd.,

Shri P P Shah :

Dr. P. P. Shah is practising Chartered Accountant having over 32 years of professional experience 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 FEMA (out of which 6 years were in U.S.A.) .

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

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.

3. Audit Committee :

The Company has constituted Audit Committee comprising of 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, 1956 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:

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and approval of external Auditors, fixation of audit fee and also approval for payment for any other service.
- 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.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant findings and follow up there on.
- 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 2003-2004, on 17th June, 2003, 31st October, 2003 and 4th February, 2004. Shri K.M. Doongaji and Shri D. K. Contractor were present for three meetings and Shri Virendra Jain was present for two meetings.

Shri K M Doongaji, Chairman of the Audit Committee was not able to attend the 18th Annual General Meeting held on 26.08.2003, due to the bomb blasts that occurred in Mumbai on 25.08.2003.

4. Remuneration Committee & details of remuneration to Directors:

The Company has not constituted a remuneration committee and presently, there are three whole time Directors and the remuneration paid to them are 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 Board/ Committee meetings. The Non executive Directors are paid sitting fees @ Rs. 2000/- per meeting and out of pocket expenses to attend the meetings. The sitting fees has been increased from Rs.2000/- to Rs.5,000/- wef 17th April, 2004.

The details of remuneration paid to the Directors (including perquisites and allowances) for the year ended 31st March, 2004 are as under :

| Name of Director | Sitting Fees | Salary | Perquisites | Total |
|-----------------------|--------------|-----------|-------------|-----------|
| Shri J. K. Jain | NIL | 24,00,000 | 2,69,201 | 26,69,201 |
| Shri S. P. Jain | NIL | 24,00,000 | 2,87,749 | 26,87,749 |
| Shri Virendra Jain | 18,000 | NIL | NIL | 18,000 |
| Shri K. M. Doongaji | 24,000 | NIL | NIL | 24,000 |
| Shri S. H. Junnarkar | 12,000 | NIL | NIL | 12,000 |
| Shri D. K. Contractor | 22,000 | NIL | NIL | 22,000 |
| Shri V. S. Pandit | NIL | 8,74,240 | 15,000 | 8,89,240 |
| Dr. P. P. Shah | 8,000 | NIL | NIL | 8,000 |
| Shri S. N. Chaturvedi | 2,000 | NIL | NIL | 2,000 |
| Shri Gaurav Jain | 2,000 | NIL | NIL | 2,000 |

The Company has paid Rs. 35,15,200/- as professional Charges during the period under review to M/s Pravin P Shah & Associates, Chartered Accountants and M/s PPS & Associates, Chartered Accountants, firms in which Dr. Pravin. P. Shah, is a partner.