

ANNUAL REPORT & ACCOUNTS 2003-04

KESORAM INDUSTRIES LIMITED



Our Chairman Syt. B. K. Birla



B K BIRLA GROUP OF COMPANIES

The Group Logo — As represented by the 21st Century Atlas

Atlas, the Titan — Collective Strength

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management while emphasising the Group's tenacity, consistency, reliability and overall leadership.

The Sun — Enlightenment and Growth

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group — both in its industrial prowess and its financial, technological and intellectual skills.

The Earth Segments — Diversified Activities

Each of the latitudes around the Titan represent various sections — industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group, made up of its diverse activities.

The Globe — Global Vision

The Group's global presence and vision is reflected in the entirety of the Earth's sphere.

The Base — Solid Foundations

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

The Symmetry — The Resilience, Versatility and Stability

Seen in its entirety, each of the elements — Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well conceptualised and balanced conglomerate.

Strong Foundation

Sustained Growth

Proven Leadership

85th ANNUAL REPORT & ACCOUNTS 2003-04

Shareholders seeking information on accounts published herein are requested to send their queries to the Company at least TEN days before the date of the Meeting.



Members are requested to bring at the meeting with them the printed copy of Annual Report & Accounts being sent to them along with the Notice to avoid inconvenience.



Kesoram Industries Limited

Directors

Syt. B. K. Birla

Chairman

Shri K. G. Maheshwari

Shri Pramod Khaitan

Shri B. P. Bajoria

Shri P. K. Choksey

Smt. Neeta Mukerji

(Nominee of ICICI Bank Ltd.)

Shri D. N. Mishra

(Nominee of LIC)

Shri Amitabha Ghosh

(Nominee of UTI)

Shri P. K. Mallik

Smt. Manjushree Khaitan

Shri S. K. Parik

(Also Company Secretary)

Senior Executives

Shri K. C. Jain

(Manager of the Company)

Shri J. D. Palod

Shri D. Tandon

Shri O. P. Poddar

Shri P. K. Goyenka

Auditors

Messrs Price Waterhouse

Bankers

State Bank of India

Allahabad Bank

BNP Paribas

Canara Bank

Central Bank of India

Citibank N.A.

HDFC Bank Ltd.

ICICI Bank Ltd.

IndusInd Bank Limited

Oriental Bank of Commerce

State Bank of Hyderabad

The Hongkong & Shanghai

Banking Corporation Ltd.

UCO Bank

Registered Office

Birla Building

8th Floor

9/1, R. N. Mukherjee Road

Kolkata - 700 001

Share Transfer Agent

MCS Ltd.

77/2A, Hazra Road

Kolkata - 700 029

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NOTICE

TO THE MEMBERS

NOTICE is hereby given that the eighty-fifth Annual General Meeting of KESORAM INDUSTRIES LIMITED will be held on Wednesday, the 30th June, 2004 at 10.30 a.m. at "Kala-Kunj", 48, Shakespeare Sarani, Kolkata - 700 017, to transact the following business:

GENERAL BUSINESS

1. To consider and adopt the Reports of the Auditors and the Directors and the Audited Accounts of the Company for the year ended 31st March, 2004.
2. To declare Dividend on Ordinary Shares for the year ended 31st March, 2004.
3. To appoint Directors in place of Sarvashree B. P. Bajoria, P. K. Choksey and D. N. Mishra who retire by rotation and being eligible, offer themselves for re-election.
4. To appoint Auditors and fix their remuneration.

Regd. Office :
9/1, R. N. Mukherjee Road
Kolkata - 700 001
Dated, the 28th day of April, 2004

By Order of the Board

S. K. PARIK
Director & Secretary

Notes :

1. **A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and the proxy need not be a Member. A form of Proxy in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of holding the Meeting.**
2. Register of Members shall remain closed from **15.06.2004 to 30.06.2004** (both days inclusive).
3. The Dividend, as recommended by the Board, if declared at the ensuing Annual General Meeting will be paid, subject to the provisions of Section 206A of the Act, on or after 9th July, 2004 to those members or their mandatees whose names stand registered on the Company's Register of Members :
 - (a) as Beneficial Owners as at the end of business on 14.06.2004 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the Shares held in Electronic Form, and
 - (b) as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the **Company or the Registrar & Share Transfer Agent** on or before 14.06.2004. The Instruments of Share Transfers, complete in all respects, should reach the **Share Department of the Company** at 9/1, R. N. Mukherjee Road, Kolkata-700 001 or the **Registrar & Share Transfer Agent** of the Company i.e. **MCS Ltd**, (Unit : Kesoram Industries Ltd.), 77/2A, Hazra Road, 3rd & 5th Floor, Kolkata-700 029 well before the Book Closure Date as stated above.
4. In order to avoid the risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, Shareholders are advised to avail of **ECS** facility whereby the dividend will be directly credited electronically to their respective Bank Accounts. This will ensure speedier credit of dividend. You may use the enclosed '**ECS Mandate Form**' and forward necessary details to the **Company/Registrar & Share Transfer Agent** or **Depository Participants**, as the case may be, to avail benefit from this service.
5. (a) **Members are requested to notify the change in address, if any and the name of the Bank(s) with account number(s) for inscribing it on the face of dividend warrant(s) to avoid the fraudulent encashment of the same to the Company/Registrar & Share Transfer Agent. Members holding Shares in Electronic Form should send the above information to the respective Depository Participants.**

- (b) In case the mailing address mentioned on this Annual Report is either without Pin Code or with incorrect Pin Code, Members are requested to kindly inform the **Company / Registrar & Share Transfer Agent** or the respective **Depository Participant(s)**, as the case may be, their correct Pin Code immediately for speedy and proper delivery.
6. Members, who are holding Shares in identical order of names in more than one Folio in physical form, are requested to apply to the **Company / Registrar & Share Transfer Agent** along with the relevant Share Certificates for consolidation of such Folios in one Folio.
7. As per provisions of the Companies Act, 1956 facility for making nominations is now available to Individuals, holding shares in the Company. The Nomination **Form-2B** prescribed by the Government can be obtained for the purpose from the **Share Department of the Company / Registrar & Share Transfer Agent**.
8. (a) Under the provisions of Section 205A of the Companies Act, 1956, the Company has already deposited all unclaimed dividends declared up to and including the financial year ended 31st March, 1996.
- (b) Pursuant to the provisions of Section 205A read together with 205C of the Act, as amended, dividends and interests etc. for the financial year ended 31st March, 1997 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the '**Investor Education and Protection Fund**' (**Fund**) constituted by the Central Government. The last dates for claiming of the following unclaimed dividends from the Company are as under :-

<i>Dividend for the financial years ended</i>	<i>Dates of declaration of Dividend</i>	<i>Last dates for claiming unpaid Dividend</i>
31.03.1997	04.07.1997	20.08.2004
31.03.1998	06.07.1998	17.08.2005
31.03.1999	22.07.1999	05.09.2006
31.03.2000	24.03.2000 (<i>Interim</i>)	09.07.2007
31.03.2001	22.06.2001	26.07.2008
31.03.2002	23.07.2002	21.08.2009
31.03.2003	26.06.2003	25.07.2010

Members, who have not encashed the *interest warrant(s)* issued after 1st April, 1997 and/or the *dividend warrant(s)* for the financial year ended 31st March, 1997 or any subsequent financial years so far, are requested to make their claim to the **Share Department / Registrar & Share Transfer Agent** of the Company.

Further, it may be noted that under the amended Companies Act, once the unclaimed interest/dividend amount is transferred to the Fund as aforesaid, no claim shall lie in respect of such amount against the Company or the Fund.

9. (a) **Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Director & Secretary of the Company well in advance so that the same are received at least ten days before the date of the Annual General Meeting to enable the Management to keep the information readily available at the Meeting.**
- (b) **Further, they are requested to bring at the meeting along with them the printed 'Annual Report & Accounts' being sent to them along with the Notice to avoid inconvenience.**
- (c) **Members, who hold shares in Electronic Form are requested to bring their **Depository ID Number** and **Client ID Number** to facilitate easier identification for attendance at the Annual General Meeting.**
10. As per requirement of Clause 49 VI (A) of the Listing Agreements with Stock Exchanges, the particulars of Directors retiring by rotation and eligible for re-appointment are given in the Corporate Governance Section of this Annual Report.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST MARCH, 2004

Dear Members,

Your Directors have pleasure in presenting the eighty-fifth Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS	31st March, 2004 Rs.	31st March, 2003 Rs.
Turnover (including Inter-Section Transfers)	15,76,72,84,797	14,02,11,49,640
Other Income	66,06,09,104	29,69,87,734
	<u>16,42,78,93,901</u>	<u>14,31,81,37,374</u>
Gross Profit	1,36,58,75,429	86,50,63,278
Less : Depreciation (Net of transfer from Revaluation Reserve)	53,59,18,193	54,10,96,018
Provision for Tax (last year MAT)	20,00,00,000	4,25,00,000
	<u>73,59,18,193</u>	<u>58,35,96,018</u>
Net Profit	62,99,57,236	28,14,67,260
Debenture Redemption Reserve written back	1,87,50,000	10,36,00,000
Excess Provision for proposed dividend written back	4,17,686	36,91,192
Amount available for appropriation which the Directors have appropriated as under :	<u>64,91,24,922</u>	<u>38,87,58,452</u>
(i) Share Buy-back Reserve	18,51,240	2,23,15,640
(ii) General Reserve	6,30,00,000	3,00,00,000
(iii) Proposed Dividend & Tax thereon	12,90,10,452	10,36,26,047
(iv) Balance carried forward to next year	45,52,63,230	23,28,16,765
	<u>64,91,24,922</u>	<u>38,87,58,452</u>

DEFERRED TAX

In terms of the order of the Hon'ble Calcutta High Court dated 5th February, 2002, the Company has utilised Rs. 1,881.75 lacs (net) from the Securities Premium Account under the head Reserves & Surplus towards making provision for '**Deferred Tax**' for the year under review, required to be provided as per Accounting Standard on 'Accounting for Taxes on Income' (AS-22) prescribed by The Institute of Chartered Accountants of India.

BUY-BACK OF SHARES

Pursuant to decision of the Board on 9th December, 2002, the Company started second Buy-back Scheme of its own shares not exceeding 46,25,000 Ordinary Shares up to a maximum price of Rs. 40 per Share from open market through the Stock Exchanges. During the financial year under review 1,85,124 Shares, up to 25.06.2003, at an average price of Rs. 28.05 per share at the total cost of Rs. 51.93 lacs were purchased. The market price of Shares being consistently over the Company's offer price, the '**Committee of Directors for Buy-back**' decided to close the Scheme from the end of the working hours of the Stock Exchanges on 1st September, 2003.

DELISTING OF SHARES

Pursuant to the voluntary delisting Scheme of Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003, the Ordinary Shares of the Company were got delisted from The Delhi Stock Exchange Association Ltd. with effect from 17th November, 2003.

SCHEME FOR DISPOSAL OF PHYSICAL SHARES IN SMALL LOT

With a view of helping the small Shareholders, who hold Shares in physical form, a scheme has been introduced by MCS Ltd., our Registrar and Transfer Agent, according to which any Shareholder holding up to 50 Shares may handover the Shares to the above Agency, who will get it dematerialized and sell them in the market at prevailing rates and remit the sale proceeds to the concerned Shareholder after deduction of nominal out of pocket expenses from it.

RESTRUCTURING

Pursuant to the scheme of amalgamation approved by the Hon'ble Calcutta High Court by an Order dated 12.8.2003 all the assets and liabilities of KICM Investment Ltd. (KICM), a wholly subsidiary, stand vested in the Company from 1st April, 2003. Since KICM was a cent per cent subsidiary of the Company as such neither any Ordinary Shares of the Company were issued nor any security/consideration was paid to the members of the said Company.

The Guntur Division of Bharat General, a Section of the Company was sold during the year. The Oil Mill Refinery and Extraction Division at Malkapur was closed down permanently with effect from 13th August, 2003 due to commercial unviability and its Plant and Machinery has been disposed off in the April, 2004.

The assets of the Refractory Section of the Company were hived off on a basis similar to hire purchase method in the month of April, 2004 on 'as is where is' and 'as is what is' basis.

WRITING OFF IMPAIRMENT LOSS ETC.

During the year under review a Scheme of Arrangement was filed before the Hon'ble Calcutta High Court to set off losses arising from Impairment/Non-realisation of certain assets and diminution in the value of its investments in Shares and Securities with Securities Premium Account and/or Capital Redemption Reserve and/or Revaluation Reserve. The aforesaid Scheme has been approved by the said Hon'ble High Court vide its Order dated 19th April, 2004, the effect thereof, as deemed necessary as at 31.03.2004 only to the extent of Rs. 1,932.99 lacs (net) has been reflected in the Annual Accounts for the year under review.

FIXED DEPOSITS

In spite of repeated reminders, Unclaimed Deposits of Rs. 38,607 (lying deposited with a Bank due to six parties), as got transferred on merger of Birla Century Finance Ltd. with the Company, still awaits completion of the formalities by the Parties for settlement thereof.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

In terms of Sections 205A and 205C of the Companies Act, 1956 read together with General Circular No. 22/2002 dated 23rd September, 2002 issued by the Department of Company Affairs, the Company deposited Rs. 37.98 lacs being the various unclaimed amounts of the Company as well as that of merged companies during the year under review in the 'Investor Education and Protection Fund' established by the Central Government.

AUDITORS' REPORT

The remarks in paragraphs ii (c) and v (b) of the Annexure to Auditors' Report are self-explanatory and require no further explanation. As regards paragraphs i (b) and ii (a) & (c) of the Annexure to Auditors' Report, the physical verification of fixed assets & inventories and maintenance of proper records of inventories at the Refractory Section could not be carried out/maintained due to continued suspension of work at the concerned Section, which has been subsequently hived off also.

DIVIDEND

The Board of Directors, at their meeting held today, has recommended dividend on Ordinary Shares as under :

	31st March, 2004 Rs.	31st March, 2003 Rs.
On 4,57,43,318 Ordinary Shares as on 31.3.2004 of Rs. 10 each @ Rs. 2.50 per Share (Previous year Rs. 2.00 per Share on 4,59,28,442 Ordinary Shares)	11,43,58,295	9,18,56,884 *

* During the financial year for 2002-03, finally the dividend was declared less on 1,85,124 Shares as recommended in the Annual Accounts, which were purchased by the Company after 31st March, 2003 till 25.06.2003.

DEBENTURES

Funds raised through Debentures were continued to be utilized for specific purpose during the year. Secured Non-Convertible Debentures of Rs. 100 each were reduced to the extent of Rs. 4.50 crores during the year leaving a balance of equal amount to be redeemed in 2004-05.

GENERAL REVIEW

The entire enhanced input cost of the products could not be passed on to the consumers on account of stiff competition. However, due to continued effective cost control measures, cash management and reduction in interest burden etc. have contributed to improved results.

- Unsatisfactory Rayon/Transparent Paper market resulted in depressing bottom line of the Section. Newly installed Turbine and renovated power house should result in favourable power cost though unsatisfactory market conditions may off set such economy.
- Significant input cost increase in Spun Pipes Section is not being fully off set by revised D.G.S. & D. rate contract as such the Section is continuing in unfavourable market environment.
- Refractory Section continued to be under suspension of work during the year and was hived off in April, 2004 on the basis similar to hire purchase method.
- With increased production and dispatches coupled with improving market environment, the performance of Cement Sections has improved.
- Consistency in quality maintained by Tyre Section has been recognized in domestic as well as international market with improved performance.
- Subdued market resulted in unremunerative prices and under capacity utilization for all products of Hindusthan Heavy Chemicals Section. However, commissioning of captive power plant should result in reduced power cost and improved bottom line.

RAYON SECTION

The production of Viscose Filament Rayon Yarn (VFY) was 7,257 tons against 7,103 tons of last year. As reported earlier, the VFY business suffered due to weavers' strike, which affected sales in the first quarter. Also cheaper imports from China, lower export of fabrics made of VFY and other synthetic yarn substitution created a big gap between supply & demand which resulted in higher level of inventory. This, coupled with increase in price of wood pulp, sulphur & zinc has led to pricing pressure as well, affecting the overall profitability of the Section. Even increased export of 618 tons against 510 tons in previous year, did not materially alter the position. Efforts to better shop floor efficiencies to remain cost competitive are ongoing. Installation of new turbine and major renovation of Power House was undertaken during the year and its economic effect is expected to be reflected from next year.

The production of Transparent Paper was 2,092 tons against 2,255 tons of last year. Export was 347 tons against 330 tons of last year. The country's consumption of transparent paper remained under strain due to continuous substitution by cheaper materials like PVC, BOPP. Hence reduced market demand, higher level of inventory, intensified competition led to discounting and pricing pressure resulting in turn to production restriction and Section's reduced profitability.

The market for the Chemical products of the Section was slightly better leading to improved capacity utilization.

SPUN PIPES SECTION

During the year under review due to increase in the price of raw material the profitability was lower as compared to last year. Cost of Pig Iron & Hard Coke have increased by more than 100% during the last quarter resulting in enormous pressure on the units' bottom line and despite the revision of Rate Contract by D.G.S. & D. in November 2003 with material price variation clause, the realization per MT could not be achieved in the same proportion.

Production decreased by 5.92% compared to last year. We have been able to produce 40,676 MT compared to 43,236 MT last year.

Total dispatches marginally reduced by 6.12%. The total dispatches for the year under review was 40,661 MT compared to 43,311 MT last year.

Stock has increased marginally by 0.66% while we have 5,311 MT of orders in hand, which accounts for almost one and half months production.

CEMENT SECTIONS**Kesoram Cement**

Production figures of the Section are given hereunder :

Production	2003-2004 (MT)	2002-2003 (MT)
Clinker	7,74,900	7,16,759
Cement	8,24,362	7,35,012

This Section has achieved the highest ever production of Clinker since its inception. Clinker and Cement productions would have been still higher but for the recession prevailing in the Cement Industry. Cement dispatches of 8,31,932 MT is the highest ever achieved.

Cement prices continue to be under pressure in South India due to persistent mis-match between supply and demand prevailing during the last few years. However, prices have shown some improvement in the second half of this fiscal year. It is hoped that market shall improve due to the good demand for infrastructure development activities and housing sector.

The blended Cement launched by this Section under the brand name "BIRLA SHAKTI" has become very popular and its production has increased from 9% last year to 36% in the year under review, despite severe competition.

Power consumption per ton of Cement has come down to about 92 Units from 102 Units last year, due to implementation of various energy conservation measures, so also increase in blended Cement production.

Captive Thermal Power Plant is playing a major role in keeping the power cost within economical level. Total power generation achieved during the year is 89.62 million Units, which is the highest ever achieved since commissioning of the Plant.

Government of Andhra Pradesh imposed Electricity Duty on Captive Power generation @ 25 paise per Unit from 17th July, 2003, which has adversely affected the profitability and the validity of the same is being challenged in the High Court of Andhra Pradesh.

The Industrial relations were cordial.

The Federation of Andhra Pradesh Chambers of Commerce & Industry has chosen this Section for the "Best Rural Development Activity Award" for the year 2002-03.

Limestone Mines of this Section bagged Two First Prizes for Environment, Pollution Control & Health Management and Loading & Transportation and three Second prizes for (i) Overall Performance (ii) Safe Drilling & Blasting and (iii) Mines Working, from the Director General of Mines Safety during Mines Safety Week Celebrations. So also in Mines Environment & Mineral Conservation Week organized by Indian Bureau of Mines, Limestone Mines, this Section won First Prize for Waste Dump Management and Second Prize for Reclamation & Rehabilitation.

Vasavadatta Cement

The production figures of this Section are as under :

Production	2003-2004 (For Unit I & II) (MT)	2002-2003 (For Unit I & II) (MT)
Clinker	18,80,316	17,42,417
Cement	20,41,264	17,61,794

This Section has achieved highest ever production of both Cement and Clinker since its inception. There has been increase in Clinker production by 7.91% and Cement production by 15.86% over previous year, with average power consumption of 74 units per ton of Cement as against 79 units per ton in previous year.

The Blended Cement launched under the brand name of "BIRLA SHAKTI" is widely accepted and has become popular in the market and its production has been increased to 27.90% of total production as compared to 14.97% in the previous year. The prices have been under pressure due to mis-match in Demand and Supply since last few years, however, market is on the rising trend since last few months and hopefully the market situation shall further improve. The 15.7 MW Captive Thermal Power Plant continued to play a key role in controlling the cost of Cement production. The total generation achieved during the year is 115.76 million KWH.

To meet the balance power requirement in the plant, the orders of Boiler & Turbine for 9 MW Thermal Power Plant have already been placed and the civil works have started and the same is expected to be commissioned by March 2005.

The Government of Karnataka has imposed electricity tax on Captive Power consumption @ Re. 0.25 per unit from 16th October, 2003, which has adversely effected the profitability. However, this Unit has challenged the validity of the same in the High Court of Karnataka.

The Limestone Mines of this Section bagged Four First Prizes in Drilling & Blasting and Second Prize in Method of Working during Celebration of Mines Safety Week of Gulbarga Zone.

Relations with employees have been cordial during the year.

BIRLA TYRES SECTION

The gross turnover of the Section this year is Rs. 739.83 crores as compared to Rs. 643.87 crores and shows an increase of 14.90% compared to 2002-03. Inspite of stiff competition, we still have been able to hold on to our market share. The export sales for the year under review amounted to Rs. 136.27 crores as against Rs. 125.98 crores in the previous year.

Consistency in quality maintained by the Section has been recognised in Domestic as well as international markets. Our Steel Radial Passenger and LCV tyres introduced in collaboration with M/s. Pirelli have been well received in the market.

Inspite of sharp increase in prices of Natural Rubber and our inability to pass on the increase in our selling prices, the Section has been able to maintain its bottom line due to various cost cutting measures and improving realizations due to proper segmentation.

Relations with employees have been cordial during the year.

HINDUSTHAN HEAVY CHEMICALS SECTION

The production figures of the Section were as under :

Production	2003-2004	2002-2003
Caustic Soda Lye	9871 MT	10406 MT
Sulphuric Acid	16441 MT	17036 MT
Ferric Alum	2517 MT	2552 MT
Hydrogen Gas (Purified)	523958 M ³	697054 M ³

The demand for Caustic Soda Lye and joint products was subdued throughout the year. However, there was an upward trend in the prices of these products during the 2nd & 3rd Quarters. Similar trend was also seen for Sulphuric Acid. Demand for Hydrogen Gas was affected considerably due to lower off-take by Vanaspati Sector.

The Section has stopped taking power from CESC Ltd. due to higher power tariff rate and has commissioned its own 6.3 MW D.G. Set on 23rd June, 2003. For alternate source of supply W.B.S.E.B. has been approached and the matter is under their consideration.

The Section attaches utmost importance to health and safety of workmen, for which mock drills, health check-ups are carried out at intervals. Monitoring of toxic emissions is also done on a routine basis. Safety exhibition, slogan and observance of safety week are organized for employees and outsiders to counter on-site and off-site emergency situations.

BHARAT GENERAL SECTION

The Company's Unit at Guntur has been sold during the year. There were no operations during the year in Oil Mills & Extraction Division at Malkapur and subsequently, its Plant and Machinery have been disposed off in April, 2004.

EXCISE DUTY

During the year under review a sum of Rs. 268.98 crores (Rs. 249.76 crores in 2002-2003) was paid on account of Excise Duty on various products manufactured by your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that :

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed by the Company;
- (ii) appropriate Accounting Policies, as mentioned in Schedule 17, have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2004 and of the profit of the Company for the financial year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on a going concern basis.