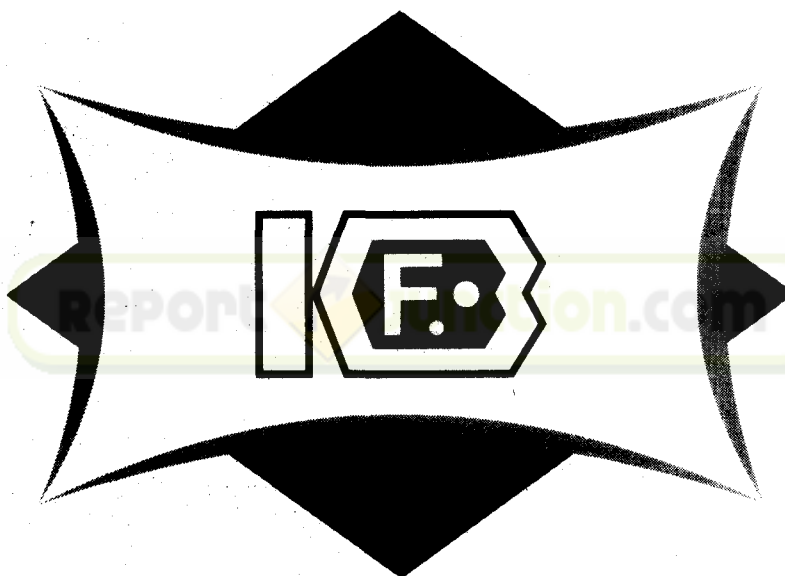


*14th  
Annual Report  
2003-2004*



**KOTHARI FERMENTATION AND BIOCHEM LIMITED**

**KOTHARI FERMENTATION AND BIOCHEM LTD.****BOARD OF DIRECTORS**

Motilal Kothari	Chairman & Managing Director
Pramod Kothari	Director
Prasanna Kumar Pagaria	Director
Ratan Lal Dudheria	Director
Roshan Kumar Surana	Director

**COMPANY SECRETARY**

S. C. Agrawal

**BANKERS**

Allahabad Bank  
State Bank of Bikaner & Jaipur

**AUDITORS**

C.M. Jain & Associates  
Chartered Accountants  
New Delhi

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**REGISTERED OFFICE**

1st Floor, 16, Community Centre, Saket,  
New Delhi - 110 017

**FACTORY**

Village Rajarampur  
Industrial Area, Sikandrabad  
Distt. Bulandshar (U.P)

**SHARE TRANSFER AGENT**

Abhipra Capital Limited  
Ground Floor - Abhipra Complex,  
Dilkhush Industrial Area, A-387, G.T. Karnal Road,  
Azadpur, Delhi - 110 033

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**KOTHARI FERMENTATION AND BIOCHEM LIMITED**
**KOTHARI FERMENTATION AND BIOCHEM LTD.**

Regd. Office : 1st Floor, 16, Community Centre, Saket, New Delhi - 110 017

**NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of the members of "Kothari Fermentation and Biochem Limited" will be held on Thursday, the 30th day of September, 2004 at 10 A.M. at "PHD House" PHD Chamber of Commerce & Industry, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110 016, to transact the following business:

**AS ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended on 31st March, 2004 and the Balance Sheet as at 31st March, 2004 together with Reports of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Ratan Lal Dudheria who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors and to fix their remuneration.

**AS SPECIAL BUSINESS**

To consider and if thought fit to pass with or without modification(s), the following resolutions:

**AS A SPECIAL RESOLUTION**

4. "RESOLVED that pursuant to the provisions of sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals including of Central Government if necessary, consent of the shareholders of the Company be and is hereby accorded to the appointment and remuneration of Mr. Motilal Kothari, as Managing Director of the Company for a period of five years w.e.f. September 1, 2004 on the terms and conditions as set out below:
  - a) Salary Rs. 15,000/- per month.,
  - b) Provision of accommodation or payment of HRA in lieu thereof, subject to maximum of 60% of salary. Expenses on maintenance and furnishing of accommodation including watchmen, servant, gas, electricity and water shall be borne by the Company.
  - c) The Company shall provide car with driver and incur all expenses for the same for the Company's business. However if the car is used for private purposes, the perquisite shall be computed as per Income Tax Act, 1961.
  - d) Mobile phone and Telephone at residence shall be provided for official purposes. However, the Managing Director shall pay all the long distance personal calls.
  - e) The Company shall reimburse medical and hospital expenses incurred for self and family members subject to a ceiling of one month's salary per year or three months' salary in a period of three years.
  - f) Personal accident insurance as per the rules of the Company.
  - g) Reimbursement of leave travel concession to self and his family once in a year as per rules of the company.
  - h) The Managing Director will not be paid any sitting fee for attending the meeting of the Board of Directors or Committee(s) thereof."

"RESOLVED FURTHER that the Board of Directors or any Committee thereof be and is hereby authorized to fix, the salary payable to Managing Director within above maximum limit, increasing/decreasing thereby allowances, perquisites and other benefits related to the quantum of salary and in the event of absence or inadequacy of net profit in any financial year, during the currency of tenure of Managing Director, the remuneration payable to him shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification or re-enactment thereof."

**AS A SPECIAL RESOLUTION**

5. "RESOLVED that pursuant to the provisions of sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals including of Central Government if necessary, consent of the shareholders of the Company be and is hereby accorded to the appointment and remuneration of Mr. Pramod Kothari, as Whole Time Director of the Company for a period of five years w.e.f. September 1, 2004 on the terms and conditions as set out below:
  - a) Salary Rs. 10,000/- per month
  - b) Provision of accommodation or payment of HRA in lieu thereof, subject to maximum of 60% of salary. Expenses on


**KOTHARI FERMENTATION AND BIOCHEM LIMITED**

maintenance and furnishing of accommodation including watchmen, servant, gas, electricity and water shall be borne by the Company.

- c) The Company shall provide car with driver and incur all expenses for the same for the Company's business. However if the car is used for private purposes, the perquisite shall be computed as per Income Tax Act, 1961.
- d) Mobile phone and Telephone at residence shall be provided for official purposes. However, the Whole Time Director shall pay all the long distance personal calls.
- e) The Company shall reimburse medical and hospital expenses incurred for self and family members subject to a ceiling of one month's salary per year or three months' salary in a period of three years.
- f) Personal accident insurance as per the rules of the Company.
- g) Reimbursement of leave travel concession to self and his family once in a year as per rules of the company.
- h) The Whole Time Director will not be paid any sitting fee for attending the meeting of the Board of Directors or Committee(s) thereof."

"RESOLVED FURTHER that the Board of Directors or any Committee thereof be and is hereby authorized to fix, the salary payable to Whole Time Director within above maximum limit, increasing/decreasing thereby allowances, perquisites and other benefits related to the quantum of salary and in the event of absence or inadequacy of net profit in any financial year, during the currency of tenure of Whole Time Director, the remuneration payable to him shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification or re-enactment thereof."

**NOTES**

1. a) A member entitled to attend and vote at the Annual General Meeting, is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company.
- b) Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
- c) Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
2. Members attending the meeting are requested to bring their copy of Annual Report, as extra copies will not be supplied.
3. Members who are holding physical shares in identical names in more than one folio are requested to write to the Company/Share Transfer Agent to enable the Company to consolidate their holdings in one folio. Further, members are also requested to immediately notify to the Company/Share Transfer Agent any change in their address with the postal area pin code number quoting their folio number.
4. Register of Members of the Company will remain closed from Wednesday, 1st September 2004 to Thursday, 30th September 2004 (both days inclusive) for the purpose of Annual General Meeting.
5. All documents referred to in the notice are open for inspection at the registered office of the company between 11.00 a.m. to 1.00 p.m. on any working day prior to the date of meeting.
6. Demat facility: The shares of the company fall under the category of compulsory delivery in dematerialized form by all categories of investors. The company has signed agreements with both the Depositories i.e. National Securities Depository Limited and Central Depositories Services (India) Limited. The company's shares bear ISIN INE991B01010 with both the depositories. The shareholders are requested to get their shares in demat form.
7. Pursuant to the provisions contained in Section 205A and 205C of the Companies Act, 1956, the company has transferred dividend for the financial year ended 31st March 1996 remaining unclaimed for a period of seven years from the date it first became due for payment, to The Investor Education and Protection Fund (IEPF) constituted by the Central Government and no claim shall lie against the IEPF or the company in respect of individual amount(s) so credited to the IEPF. Further, no amount of dividend etc. is due to be transferred to IEPF during the current year.
8. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready at the time of Annual General Meeting.
9. The Management is confident of shareholders' co-operation for smooth conduct of the meeting.



## KOTHARI FERMENTATION AND BIOCHEM LIMITED

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

#### ITEM NO. 4 & 5

Mr. Moti Lal Kothari is the Managing Director since 10.04.1992 and Mr. Pramod Kothari is Whole Time Director of the company since 01.04.1992. The terms and conditions of their appointment were revised for five years w.e.f. 01.09.1999 by passing the ordinary resolution by the shareholders at the AGM held on 27.09.1999. Their term expired on 31.08.2004. The board of directors decided to re-appoint Mr. Moti Lal Kothari as Managing Director and Mr. Pramod Kothari as Whole Time Director for a period of five years w.e.f. 01.09.2004 on the terms and conditions contained in the resolution, in accordance with the provisions of Schedule XIII to the Companies Act, 1956 and other provisions of the Act.

As per Part I of Schedule XIII, the person who has attained the age of 70 years can be appointed as the managerial person, with the approval of shareholders by passing a special resolution. The age of Mr. Moti Lal Kothari is 68 years but as the appointment is proposed to be made for five years, he will cross the above limit during his tenure so the resolution has been proposed as a Special Resolution.

The directors recommend the resolution for your approval. None of the Directors except Mr. Moti Lal Kothari and Mr. Pramod Kothari are concerned or interested in the resolution.

The explanatory statement read with proposed resolutions may be treated as the abstracts of the terms of re-appointments and memorandum of interests u/s 302 of the Companies Act, 1956.

### DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

Mr. Ratan Lal Dudheria aged about 58 years is a businessman at Guwahati, Assam.

Mr. Moti Lal Kothari aged about 68 years is a commerce graduate from Guwahati University, a renowned businessman. He has a very vast experience of Trade & industry. Mr. Moti Lal Kothari is the Promoter Director and has been associated with the company since incorporation.

Mr. Pramod Kothari aged about 39 years is an Engineer and has the experience of Business, Trade and Industry for over 15 years. Mr. Pramod Kothari is also the Promoter Director and has been associated with the company since incorporation.

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By order of the Board  
for KOTHARI FERMENTATION & BIOCHEM LTD.

#### Regd. Office :

1st Floor, 16, Community Centre,  
Saket, New Delhi - 110 017.  
Dated : 1st September, 2004

(S.C.AGRawal)  
Company Secretary

**KOTHARI FERMENTATION AND BIOCHEM LIMITED****DIRECTORS' REPORT**

TO  
THE MEMBERS  
KOTHARI FERMENTATION AND BIOCHEM LTD.

Your directors are pleased to present the 14th Annual Report together with the Audited Accounts for the year ended on 31st March 2004:

**1. FINANCIAL RESULTS***(Rs. in lacs)*

	2003-2004	2002-2003
TURNOVER		
- Manufacturing	1502.11	1467.09
- Trading	-	63.56
PROFIT BEFORE INTEREST & DEPRECIATION	174.76	95.64
INTEREST	1.80	2.71
DEPRECIATION	84.55	77.07
PROFIT BEFORE TAX	88.41	15.86
TAX (MAT)	-	1.25
NET PROFIT/ (LOSS) AFTER TAX	88.41	14.61

**2. OPERATIONS**

During the year, the company has achieved higher level of production and turnover due to increased plant efficiency. Some balancing equipments were installed and some of the corroded steel tanks were replaced during the year. The production has been increased to 5371 MT during the year 2003-04 as compared to 4944 MT during the year 2002-03 and the turnover of manufacturing activities has been increased to Rs. 1502.11 Lacs during the year 2003-04 as compared to Rs. 1467.09 Lacs during previous year. This has resulted in net profit (after tax) of Rs. 88.41 Lacs. Dividend for the year has not been proposed due to accumulated losses in earlier years.

**3. CURRENT YEAR'S OUTLOOK**

The recent investment made in Plant & Machineries has resulted in optimum utilization of Plant and also the increase in production capacity. Various steps have been taken for cost reduction and improving operating efficiencies. But due to the sudden hike in the prices of basic raw material i.e. Molasses, the cost of production has increased considerably while the selling prices are not increased. This may have an impact on the profits of the company during the current year.

**4. FIXED DEPOSITS**

The Company has not accepted any deposit from public during the year under review, which would fall under section 58-A of the Companies Act, 1956.

**5. DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ratan Lal Dudheria is retiring from the board by rotation and being eligible offers himself for reappointment. The Board recommends his appointment as director. Mr. Moti Lal Kothari is the Managing Director since 10.04.1992 and Mr. Pramod Kothari is Whole Time Director of the company since 01.04.1992. The terms and conditions of their appointment were revised for five years w.e.f. 01.09.1999 by passing the ordinary resolution by the shareholders at the AGM held on 27.09.1999. Their term expires on 31.08.2004. The board of directors decided to re-appoint Mr. Moti Lal Kothari as Managing Director and Mr. Pramod Kothari as Whole Time Director for a period of five years w.e.f. 01.09.2004 on the terms and conditions contained in the resolution, in accordance with the provisions of Schedule XIII to the Companies Act, 1956 and other provisions of the Act. The required resolution and the explanatory statement are provided in the notice of Annual General Meeting. The board recommends the re-appointment of Mr. Moti Lal Kothari as Managing Director and Mr. Pramod Kothari as Whole Time Director.

**6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The statement containing the necessary information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed to this report as Annexure.

**7. PERSONNEL**

Your company continues to keep harmonious relations with all its employees. There is no employee drawing salary more than the limits prescribed under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**8. AUDITORS**

M/s C.M. Jain & Associates, Chartered Accountants, Statutory Auditors of your company, retire and being eligible offer themselves for re-appointment. The board recommends their appointment as auditors. The notes on accounts are self-explanatory with regards to auditors' observations. Further efforts are being initiated to strengthen the internal audit system and control.



## KOTHARI FERMENTATION AND BIOCHEM LIMITED

### 9. LISTING OF SHARES

The company's shares are listed at Stock Exchanges situated at Delhi, Mumbai, Kolkata, Jaipur and Gauhati. The listing at Delhi and Mumbai is continued, and the listing fee has been paid for the year 2004-05. The action has already been initiated for delisting of shares from stock exchanges at Kolkata, Jaipur, and Gauhati. All the formalities have been complied with in relation to delisting as such listing fees was not paid to these three stock exchanges.

### 10. CORPORATE GOVERNANCE

The provisions of clause 49 of the listing agreement relating to corporate governance are applicable to the company. So there is a separate section on Corporate Governance in the annual report of the company, with a detailed compliance report on Corporate Governance.

### 11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sec.217 (2AA) of the Companies Act, 1956 the directors hereby report:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2003-04 and of the profit or loss of the company for that year.
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- that the directors have prepared the annual accounts on a going concern basis.

### 12. ACKNOWLEDGEMENTS

Your directors place on record their sincere appreciation for the wholehearted devotion and commitment extended by the employees at all levels, which has been a source of strength and inspiration to the company.

The directors also wish to thank and deeply acknowledge the cooperation, assistance and support extended by the shareholders, the dealers and vendors of the company, bankers and financial institution.

For and on behalf of the Board

Place : New Delhi  
Date : 1st September, 2004

**MOTI LAL KOTHARI**  
Chairman & Managing Director

### ANNEXURE TO THE DIRECTORS' REPORT

#### (I) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

	FOR THE YEAR ENDED ON 31ST MARCH, 2004	FOR THE YEAR ENDED ON 31ST MARCH, 2003
<b>1. CONSERVATION OF ENERGY POWER AND FUEL CONSUMPTION</b>		
<b>a Electricity</b>		
Units Consumed	45,31,380	39,14,246
Total Amount (Rs. in Lacs)	200.71	174.64
Rate/Unit Rs.	4.43	4.46
<b>b) Furnace Oil/L.D.O.</b>		
Quantity (litres)	6,54,400	7,57,880
Total Amount (Rs. in Lacs)	84.71	95.06
Average Rate per Ltr. (Rs.)	12.95	12.54
<b>2. RESEARCH AND DEVELOPMENT</b>		
Expenditure on R & D		
a) Capital (Rs. in lacs)	0.71	0.20
b) Recurring (Rs. in lacs)	5.36	4.94
c) Total (Rs. in lacs)	6.07	5.14
d) Total R & D expenditure as percentage of turnover	0.40	0.35
<b>3. FOREIGN EXCHANGE EARNINGS AND OUTGO.</b>		
Foreign exchange earnings (Rs.in lacs)	5.92	10.11
Foreign exchange outgo (Rs. in lacs)	11.10	38.87*
*Rs. 0.97 lac drawn on 27.3.03, incurred in 2003-04		





## KOTHARI FERMENTATION AND BIOCHEM LIMITED

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Kothari Fermentation & Biochem Ltd. is pleased to present its second analysis report covering segment wise performance and out look.

The company has two business segments viz. Manufacturing Yeast and Trading Commodities of which only the segment Manufacturing Yeast was operative during the Financial Year 2003-2004 and no trading activity was under taken by the company during the last financial year.

#### Industry Structure and Developments

There are four companies manufacturing yeast in India, out of which two companies are multi national companies. These MNCs also have their manufacturing units in the northern region along with the company so every company is trying to exploit this market. This has created the situation of more supply and less demand in this region and there is a cut-throat competition in the market.

#### Opportunities and Threats

The biggest opportunity available in yeast industry in India is that the market is not saturated in some areas. If the company can make a better reach to customers in those areas it can further exploit the market and enhance its sales volume. Among the threats the main threat is that if the company attempts to reach its customers scattered in the country, it has to invest good money, comply with many legal formalities and obtain registrations before starting operation in other areas. Further the cost of sales will also increase due to the heavy transportation cost.

The other threat, the molasses, which is the main raw material in the production of yeast, has become a key factor. The prices of molasses have increased 2-3 fold during the current year, which has not coupled with a corresponding increase in selling price of yeast. This may have adverse impact on profit during the current year.

#### Segment wise Performance

Financial performance of yeast manufacturing segment of the company is provided under the heading "Discussion on Financial Performance with respect to Operational Performance" later in this Report.

#### Future Outlook

The company is regularly reviewing its whole structure and making changes for future improvements. The Company has made investments in balancing equipments in the factory. Your directors are confident of further increase in production during the current year. Research and development efforts are also being strengthened in order to counter the future challenges. Various steps have been initiated for cost reduction and improving operating efficiencies. The company expects to earn increased profits in current year by higher production and efficiency.

#### Risks and Concerns

The company is facing stiff competition with the multi national companies. These MNCs are able to offload their products at rock bottom prices and provide longer credit facilities because they enjoy the economies of production at bigger scale and their cost per unit is comparatively less. But due to the better quality, lesser overheads and personal attention of the management, the company is able to sustain in the market.

The other main concern of the company is that if it starts to access the markets of other regions of the country, the MNCs can reduce their prices to throw the company out of the market. Further, these MNCs have the advanced Research and Development support from abroad and they can introduce new qualities of product very quickly at low prices.

Yeast manufacturing industry is power intensive. Unscheduled power cuts and load shedding increase the production stops and consequently results in shifting to power generation by DG sets, which is comparatively costly. There are infrastructure-related problems such as non-availability of specialized transportation, which may result in deterioration of quality of the produce during transportation.

#### Internal Control System and their adequacy

In any industry, the processes and internal control system play a critical role in the health of Company. KFB has clearly defined roles and responsibilities at all levels. Internal checks are carried out by the managers/supervisors at all levels. Review of whole system is also carried out periodically. However there is no documented policy to be followed by the executives.

#### Discussion on Financial Performance with respect to Operational Performance

(Rs. in Lacs)

	Manufacturing (Yeast) 2003-04	Trading (Commodities) 2003-04	Total 2003-04
1. Segment Revenue (Rs. In Lacs)	1502.11	Nil	1502.11
2. Segment Depreciation	84.55	Nil	84.55
3. Segment Interest	1.80	Nil	1.80
4. Segment Results (Net)	88.41	Nil	88.41

#### Material Developments in Human Resources/Industrial Relations Front, including number of people employed

Training and development of Human Resources is of paramount importance. The company provides proper on-the-job training to the employees before inducting them to the real work environment. Further, efforts are made to retain the best personnel within the organization for the longest period of time. There is a regular review of performance of each employee on the basis of which promotions, increments, transfers etc. are made. Your company continues to keep harmonious relations with all its employees. There were 138 persons directly employed by the company during the previous financial year on average basis.

Place : New Delhi  
Date : 1st September, 2004

For and on behalf of the Board  
**MOTI LAL KOTHARI**  
Chairman & Managing Director





## KOTHARI FERMENTATION AND BIOCHEM LIMITED

### REPORT ON CORPORATE GOVERNANCE

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. The report on corporate governance is given below:

#### 1. Company's Philosophy on Code of Governance:

This is the second year since the requirement of clause 49 of the Listing Agreement became applicable to the company. During these two years the company has continuously reviewed its corporate governance practices to ensure that they adhere to the latest corporate developments and conform to the best corporate governance practices. Corporate Governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and sense of justice. Achieving this balance depends upon the accountability and transparency of your company. Accountability improves decision making and transparency helps to explain the rationale behind decisions, and thereby builds shareholder confidence.

#### 2. Board of Directors:

The Board of Directors consists of five directors viz. Mr. Moti Lal Kothari (Chairman), Mr. Pramod Kothari, Mr. Prasanna Kumar Pagaria, Mr. Ratan Lal Dudheria and Mr. Roshan Kumar Surana. Mr. Moti Lal Kothari and Mr. Pramod Kothari are the executive directors and the other three directors are Independent Non-Executive directors therefore, the company meets the composition criteria. The appointment of Mr. Moti Lal Kothari & Mr. Pramod Kothari was approved for a period of five years by the shareholders in the AGM held on 27th September 1999. The tenure of these two directors expires on 31.08.2004 and it is proposed to reappoint them for another period of five years. The required resolution and the explanatory statement are provided in this annual report.

During the year under review, 6 Board meetings were held and conducted on April 30, 2003, July 30, 2003, August 29, 2003, October 30, 2003, January 29, 2004 and March 12, 2004. The composition of Board of Directors, attendance of directors at the board meetings and Annual General Meeting as also the number of other directorships in Indian Public Limited Companies and memberships of the committees of the Board of such companies are as follows:

Name of the Director	Category of Director	Attendance at last AGM	No. of Board meetings Attended	No. of Other Directorships#	Other Companies Board's Committees	
					Chairman	Member
Mr. Motilal Kothari	Executive promoter director	Yes	5	1	NIL	NIL
Mr. Pramod Kothari	—DO—	Yes	6	1	NIL	NIL
Mr. Prasanna Kumar Pagaria	Independent Non-executive Director	No	2	NIL	NIL	NIL
Mr. Ratan Lal Dudheria	—DO—	No	2	NIL	NIL	NIL
Mr. Roshan Kumar Surana	—DO—	No	1	1	NIL	NIL

# Number of other Directorships held in Public Limited Companies.

#### 3. Committees of the Board

There are three committees of the Board of Directors, which have been delegated adequate powers to discharge their respective functions. These Committees are – (i) Audit Committee, (ii) Remuneration Committee, (iii) Shareholders'/ Investors' Grievance Committee. The details of these committees are as follows:

##### (i) Audit Committee

###### • Terms of Reference

Audit Committee has been delegated all the functions and powers as are mentioned in clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. Apart from that the committee also approves internal audit program and discusses with statutory auditors, their observations, suggestions and findings, internal control system, scope of audit, other related matters and major accounting policies followed by the company. The minutes of the Audit Committee meetings are regularly placed before the Board and approved by them.

###### • Composition

The Committee was last reconstituted on 31.03.2003 with Mr. Prasanna Kumar Pagaria as Chairman along