

POLYCHEM LIMITED



**45TH ANNUAL REPORT
2001-2002**

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POLYCHEM LIMITED**(INCORPORATED UNDER THE INDIAN COMPANIES ACT, VII OF 1913)****BOARD OF DIRECTORS**

SHRI TANIL KILACHAND
Chairman & Managing Director
 SHRI M. Ct. MUTHIAH
 SHRI H.C.SHAH
 SHRI R.A.SHAH
(Alternate Director to Shri M.Ct.Muthiah)
 SHRI M.R.B.PUNJA
 SHRI P.T.KILACHAND
(Whole-time Director)
 SHRI J.K.BODHA
(UTI Nominee)

COMPANY SECRETARY

SHRI A.H.MEHTA

BANKERS

STATE BANK OF INDIA
 BANK OF BARODA
 DENA BANK

AUDITORS

M/s. C.C.CHOKSHI & CO.
Chartered Accountants

LEGAL ADVISERS

M/s. DAPHTARY, FERREIRA & DIVAN

REGISTERED OFFICE

7, Jamshedji Tata Road
 Churchgate Reclamation
 Mumbai 400 020.

WORK	CORPORATE MANAGEMENT TEAM
FLAVOURING ESSENCE Plot No.71/1B/13, General T-Block, MIDC Bhosari, Pune, Maharashtra	SHRI TANIL KILACHAND Managing Director SHRI P.T.KILACHAND Whole-time Director SHRI A.H.MEHTA VP-Corporate Affairs & Company Secretary SHRI M.M.PATHARE General Manager-Finance & Accounts

Note : As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.
 Shareholders are requested to kindly bring their copies to the Meeting.



NOTICE

Notice is hereby given that the Forty-fifth Annual General Meeting of the Members of POLYCHEM LIMITED will be held at Maharashtra Chamber of Commerce & Industry, Oricon House, 6th Floor, 12, K. Dubash Marg, Fort, Mumbai 400 001, on Thursday, 26th September 2002 at 10:30 a.m. to transact the following business:

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet as at 31st March, 2002 and Profit and Loss Account for the year ended on 31st March, 2002.
2. To appoint a Director in place of Shri P.T.Kilachand who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri H.C.Shah who retires by rotation, but being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification/s the following resolution as a Special Resolution :-
"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. C. C. Chokshi & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.1,00,000/- (Rupees one lac only) in addition to service tax, reimbursement of travelling and all other out of pocket expenses incurred in connection with the audit."

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri J.K.Bodha, be and is hereby appointed as a Director of the Company".
6. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, approval of the members of the Company be and is hereby accorded to the re-appointment of Shri P.T.Kilachand, Whole-time Director of the Company, for a period of five years with effect from 1st April, 2002, upon the terms and conditions including remuneration as set out in the agreement placed before this meeting, which agreement is hereby specifically approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement (including authority, from time to time, to determine the amount of salary as also the type and amount of perquisites and other benefits payable to Shri P.T.Kilachand), in such manner as may be agreed to between the Board of Directors and Shri P.T.Kilachand, provided however that the remuneration payable to Shri P.T.Kilachand shall not exceed the limits specified in the said agreement as also the limits prescribed under Schedule XII of the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof".
"RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Shri P.T.Kilachand the remuneration payable to him by way of salary, allowances, and perquisites shall not, without the approval of the Central Government (if required), exceed the limits prescribed under the Companies Act, 1956, or any amendment, modification, variation or re-enactment thereof".
"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution".

By Order of the Board of Directors

A.H.MEHTA

Vice President-Corporate Affairs & Company Secretary

Registered Office .

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.
Dated : 5th August, 2002

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER
- (b) An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items 4, 5 & 6 set out above is annexed herewith.
- (c) The register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 17th Sept. 2002 to Tuesday, 24th Sept. 2002 (both days inclusive).
- (d) Members are requested to notify any change of their addresses at the Registered Office of the Company.
- (e) All unclaimed Dividends pertaining to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956.
The Company's securities are listed on the following Stock Exchange:

Sr. No.	Name & Address of the Stock Exchange	Nature of Security As on 31-03-2002
1.	The Stock Exchange Mumbai Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.	1,61,61,808 Equity Shares of Rs.10/- each

The Company has paid Annual Listing fees to the above Stock Exchange.

POLYCHEM LIMITED

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.

The following Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 sets out the material facts relating to business under item nos. 4, 5 & 6 mentioned in the accompanying Notice dated 5th August, 2002.

1. Item 4

This item relates to the appointment of Messrs. C.C.Chokshi & Co., Chartered Accountants, Mumbai as the Auditors of the Company and fixation of their remuneration.

According to Section 224A of the Companies Act, 1956 the Company in which not less than 25% of the subscribed Share Capital is held either singly or in combination amongst others, by Public Financial Institutions, Nationalised Banks and Insurance Companies, the appointment or re-appointment of the Auditors has to be made by a Special Resolution at the Annual General Meeting.

The holdings of the aforesaid categories of shareholders exceed 25% of the subscribed share capital of the Company and hence a Special Resolution is required to be passed to appoint Messrs. C.C.Chokshi & Co. on the terms and conditions contained in the Resolution.

2. Item 5

Mr. J.K.Bodha was appointed as Additional Director of the Company in their meeting held on 25th September, 2001 in terms of Section 260 of the Companies Act, 1956 and Article 133 of the Company's Articles of Association. He holds office as a Director only upto the date of this Annual General Meeting, but he is eligible for re-appointment. He is a UTI Nominee. As required under section 257 of the Companies Act, 1956, notices in writing (along with a deposit of Rs.500/-) have been received from some of the members of the Company signifying their intention to propose the aforesaid individual as a Director of the Company at this Annual General Meeting.

Mr. J.K.Bodha is concerned or interested in Resolution No.5 as it relates to his appointment. None of the other Directors are concerned or interested in the resolution.

3. Item 6

Shri Parthiv Kilachand has degrees of Sc.B "Electrical Engineering" and A.B. "Engineering & Economics" from Brown University, U.S.A. Shri Parthiv Kilachand was first appointed as Project Officer of the Company from 1st November, 1988, then as Project Executive from 1st October, 1990 and as Executive Assistant to the Managing Director from 2nd July, 1993. He has been actively involved and looking after all aspects of various activities of the Company.

Shri Parthiv Kilachand has been appointed as an Additional Director with effect from 3rd December, 1996 and as a Whole-time Director for a period of five years from 1st April, 1997. In accordance with the conditions specified in Schedule XIII of the Act, the Board at its meeting held on 5th August, 2002 have approved the appointment of Shri Parthiv T.Kilachand as Whole-time Director of the Company for a period of five years from 1st April, 2002 to 31st March, 2007 with the remuneration admissible under Schedule XIII of the Companies Act, as set out herebelow:

I. SALARY : Rs.5000/- per month in the grade of Rs.5000-2000-15000

II. COMMISSION:

Payable as may be fixed by the Board of Directors subject to limits of 5% and 10% of the Net Profit of the Company as the case may be as laid down in Section 309 of the Companies Act, 1956.

III. PERQUISITES:

A. 1. HOUSING:

Unfurnished accommodation, the perquisite value of which would be as per the income tax Rules, 1962.

2. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962.

3. Reimbursement of medical expenses incurred for the Whole-time Director and his family, namely his wife, dependent children and dependent parents, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

4. Leave Travel Concession for the Whole-time Director and his family namely, his wife, dependent children and dependent parents once in a year incurred in accordance with the Rules specified by the Company.

5. Fees of two clubs, which will not include admission and Life Membership Fees.

6. Personal Accident Insurance of premium not exceeding Rs.4,000/- per annum.

7. The Company's contribution to Provident Fund, Superannuation Fund and or Annuity Fund.

8. Gratuity as per the rules of the Company.

9. Free use of Company's car with driver for the business of the Company and telephone at his residence will not be considered as perquisites.

10. Shri P.T.Kilachand will also be entitled to privilege leave on full pay and allowances, as per rules of the company, but not more than one month's leave for every eleven months.

The above remuneration in terms of Salary, Commission, perquisites payable to him is subject to the limits of 5% and 10% of the Net Profits of the Company as the case may be as laid down in Section 309



of the Companies Act, 1956 and the overall limit of 11% on the Net Profits of the Company as laid down in Section 198 of the said Act.

- IV. Notwithstanding anything contained hereinabove, where in any financial year during the period of Office of Shri P.T.Kilachand as Whole-time Director, the Company has no profits or its profits are inadequate, the Company may pay him remuneration by way of consolidated salary and perquisites in accordance with the limits laid down in Schedule XIII to the Companies Act, 1956, or any statutory modifications, substitutions, or re-enactments thereof, as may be agreed to by the Board of Directors and Shri P.T.Kilachand.

The Board of Directors are hereby authorised to effect any variations, alterations or modifications in future in respect of the appointment and remuneration of Shri P.T.Kilachand within the limits specified in Schedule XIII to the Companies Act, 1956 or statutory modifications, substitutions or re-enactments thereof, as may be agreed by the Board of Directors and Shri P.T.Kilachand.

- V. He shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof. This appointment is subject to the approval of the members at the Annual General Meeting and any all other necessary approvals.

MEMORANDUM OF INTEREST UNDER SECTION 302(7)

The above may be regarded as an Abstract of the terms and memorandum of interest under section 302(7) of the Companies Act, 1956 with respect to the appointment of Shri P.T.Kilachand as Whole-time Director of the Company. During the tenure as Whole-time Director, Shri Parthiv Kilachand shall be regarded as a Director liable to retire by rotation.

Shri Tanil Kilachand, Chairman-cum-Managing Director is the father of Shri Parthiv Kilachand and is therefore interested as well as Shri Parthiv Kilachand is interested or concerned in this appointment. Except that no other Director of the Company is interested or concerned in this resolution.

As required in terms of paragraph VI (A) of Clause 49 of the Listing Agreement, the details of the directors retiring by rotation and eligible for reappointment are furnished below:

Name of Director	Mr. H. C.Shah	Mr. P T. Kilachand
Age	73 years	35 years
Qualification	B. Com	Sc. B "Electrical Engineering" & A. B. "Engineering & Economics" from Brown University
Expertise	On the finance committee of East India Cotton Association. On the Board of Bombay Oilseed & Oil Exchange Ltd. Director of Bullion Exchange. Partner in manufacture of plastic processing. Experience in business of financing 52 years	Project officer in Polychem Limited from 1st November, 1988, then as Project Executive from 1st October, 1990 and as Executive Assistant to the Managing Director from 2nd July, 1993. He has been actively involved and looking after all aspects of various activities of the Company. He has been appointed as Additional Director for a period of 5 years from 1st April, 1997. Experience in Management, Marketing and negotiation with varied authorities.
Other Directorship as on 31st March, 2002	---	M/s. Gujarat Poly-AVX Electronics Ltd., M/s. Ginners & Pressers Ltd., The Baroda Commercial Corpn. Ltd., UDV India Ltd., Rasayani Traders Pvt. Ltd., Highclass Trading Pvt. Ltd., Masuma Investments Pvt. Ltd., Virsun Investment Pvt. Ltd., Ro-An Investment Pvt. Ltd.

By Order of the Board of Directors

A.H.MEHTA

Vice President-Corporate Affairs & Company Secretary

Registered Office :

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.

Dated : 5th August, 2002.

POLYCHEM LIMITED

DIRECTORS' REPORT

To
The Members of
POLYCHEM LIMITED

Your Directors present the Forty-fifth Annual Report and Statement of Accounts for the year ended 31st March, 2002.

	01.04.01 to 31.03.02 Rs. in lacs	01.04.00 to 31.03.01 Rs. in lacs
FINANCIAL RESULTS		
Sales	16.63	6.98
Sale of flats	2342.41	3192.37
Profit/(Loss) before Interest, Depreciation & Tax	179.98	(648.50)
Interest	245.56	107.47
Depreciation	219.46	222.49
Loss before tax & Extraordinary items	(285.04)	(978.46)
Extraordinary Items (Net)	(233.02)	2984.37
Provision for taxes	(94.47)	(58.08)
Excess/(Short) provision of tax in respect of earlier years.	82.64	(113.29)
(Loss)/Profit after Taxes and Extraordinary items	(529.89)	1834.54
Transferred from investment allowance reserve	—	157.00
Transfer from Deb. Redemption Reserve	—	1032.00
Balance brought forward	(6773.57)	(9797.61)
	(7303.46)	(6773.77)
General Reserve deducted per contra	1316.67	1127.62
Amount available for Appropriation	(5986.79)	(5645.95)
Balance carried forward	(5986.79)	(5645.95)

During the year ended 31st March, 2002 your Company incurred loss of Rs.529.89 lacs against profit of Rs.1834.54 lacs after considering extraordinary items. In view of the carried forward loss, Directors regret their inability to pay any dividend on Equity and Redeemable Cumulative Preference Shares.

1. Sales as also sale of flats during the year ended 31st March 2002 were Rs.23.59 crores compared to Rs.31.99 crores during the previous year.

2. SALE OF BARODA UNITS:

As informed in the last Annual Report, Company had given ABS and SAN Units at Vadodara on conducting basis from September, 1999 pending sale subject to necessary approvals. Company has now received all the necessary approvals for sale of Baroda Units as per Agreement for Sale of Undertaking as a going concern dated 12th October, 1999. Company has sold ABS and SAN units to Bhansali Engineering Polymers Ltd., as going concern on 30th March, 2002.

3. DEVELOPMENT OF LAND AT GOREGAON

The construction of four buildings was completed during last year. Construction of three more buildings are completed during the current year. As intimated to members last year, Directors have sold the development rights in respect of balance Goregaon land to GESCO Corporation Ltd. (formerly Mahindra Realty & Infrastructure Developers Ltd.). Company has made application to BMC for obtaining IOD & CC for development of land at Goregaon. In spite of regular follow-up the said permissions are not received so far.

4. GUJARAT POLY-AVX ELECTRONICS LIMITED (GPAEL)

The sales during the year ended March 2002 was Rs.687.23 lacs in comparison to the sales of Rs.734.49 lacs in the previous year. Sales turnover is expected to improve with Telecom Policy being implemented. The operations for the year have resulted into a profit of Rs.51.31 lacs, compared to loss of Rs.342 lacs.

Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated 7-9-2001 ordered in favour of winding up of Gujarat Poly-AVX Electronics Ltd. (GPAEL). GPAEL had filed an appeal to Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the said impugned Order. The AAIFR vide its Order dated 27-3-2002 sanctioned the scheme for rehabilitation of GPAEL.

As per the scheme sanctioned by AAIFR, 45% of the principle dues of the term lenders was to be paid by GPAEL, in cash. It also provided for issue of 1/2% of non cumulative redeemable preference shares to term lenders aggregating to Rs.981.50 lakhs. Order also provided for conversion of Polychem's loan upto Rs.80 lakhs into equity shares, allotment of equity of Rs.75



lakhs on pro-rata basis to term lenders and existing equity share capital of Rs.11.50 crs. to be written down to Rs.7 crs. Order also provides for settlement of dues of Bank of Baroda towards working capital as per RBI guidelines.

GPAEL is in the process of reduction of its equity share capital, allotment of equity shares of Rs.80 lakhs to Polychem Limited, in lieu of its loan and allotment of equity shares of Rs.75 lakhs to term lenders.

5. FINANCE

The Company has repaid loans to Financial Institutions and redeemed debentures under one time settlement scheme totalling to Rs.30 crores. As per OTS of Rs.2450 lacs arrived at with Banks, Company has repaid Rs.1443 lacs to banks till date.

6. REFERENCE TO THE BOARD OF BIFR

As you are aware, your Company has been referred to the Board for Industrial & Financial Reconstruction (BIFR) for adoption of revival measures with respect to it, in accordance with the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. BIFR had appointed Industrial Development Bank of India (IDBI) as the Operating Agency (OA) for formulation of the rehabilitation scheme in terms of the provisions of Section 17(3) of the Act and accordingly, IDBI had prepared the revival scheme which was sent to BIFR after deliberations at the joint meeting with others for further consideration by BIFR.

BIFR at the hearing held on 4th February, 2002 sanctioned the revival scheme of the Company. Your Company has already paid off more than Rs.4443 lacs out of the restructured dues to Banks and Financial Institutions under One Time Settlement, out of sale proceeds of surplus assets. BIFR has also permitted derating of equity shares of the Company for the proper revival of the Company. As per the proposal, the equity share capital of the Company will be reduced from Rs.1616 lakhs to Rs.40 lakhs. The equity shareholders will be eligible for 1 equity share of the face value of Rs.10/- each in the Company credited as fully paid up for 40 equity shares of Rs.10/- each of the company.

As a result of the above proposal, if any equity shareholders of the Company becomes entitled to any fractional coupon/s of equity share of the company, no such fractional coupon/s shall be issued in respect of or representing such equity shares of the company but such fractional coupon/s shall be consolidated into whole equity shares and the Board of Directors of the company may allot any one or more of such consolidated share to any nominee(s) as the Board of Directors in their absolute discretion deem fit. The total net sale proceeds of such consolidated equity shares after defraying therefrom all costs, charges and expenses of sale/s shall be distributed and divided among such equity shareholders of the company as would otherwise have been entitled to such fraction of the equity shares of the company, in proportion to their respective interest in their fraction. The Company has made necessary application to BIFR.

7. AUDIT COMMITTEE:

Your Company has set up an Audit Committee of Directors as required by Section 292A of the Companies Act, 1956 as amended. Shri T.R.Kilachand, Shri H.C.Shah and Shri K.H.Kazi (UTI Nominee) were members of the Audit Committee. Shri Kazi has since resigned as a Director of the Company.

On 31-1-2002 the Audit Committee was reconstituted. Now, the audit committee members are Shri H.C.Shah (Chairman), Shri M.Ct.Muthiah, and Shri J.K.Bodha.

8. DIRECTORS' RESPONSIBILITY

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Appropriate accounting principles have been selected and applied consistently and have 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 as at 31st March, 2002 and of the loss of the Company for the year ended 31st March, 2002.
- 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.
- The annual accounts have been prepared on a going concern basis.

9. INDUSTRIAL SAFETY AND POLLUTION CONTROL

(i) Industrial Safety record of Baroda Units was satisfactory.

(ii) Pollution Control -

All treated effluent discharge to ECP during the year was within the tolerable limits of GPCB. All pollution control norms were strictly observed.

10. TAXATION

The Company's Income Tax assessments have been completed upto year ended 31st March, 1999.

11. DEPOSITS

Company has repaid all deposits matured upto 31st March, 2002.

POLYCHEM LIMITED

12. SUBSIDIARY COMPANIES

Information under Section 212 of the Companies Act, 1956 in respect of Subsidiary Company is attached. Mangal Holdings & Trading Co. Pvt. Ltd. and Naomi Trading & Investment Co. Pvt. Ltd. have made an application to the Registrar of Companies on 22nd February, 2002 for striking off their names from the registrar of companies u/s.560 of the Companies Act, 1956 that the said companies to be dissolved.

Company has received Notification dated 21-5-2002 and 16-4-2002 from Office of the Registrar of Companies, for striking off / dissolving the said companies.

13. INDUSTRIAL RELATIONS

Industrial Relations with the employees of the Company were cordial during the year under report.

14. PARTICULARS OF EMPLOYEES

Provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

15. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure I forming part of this report.

16. DIRECTORS

- a) Shri J.K. Bodha was appointed as an Additional Director of the Company on 25th September, 2001, due to resignation of Mr. K.H. Kazi, but being eligible offers himself for reappointment.
- b) Shri P.T. Kilachand and Shri H.C. Shah retire from Office by rotation but, being eligible, offer themselves for reappointment.
- c) The term of Shri P.T. Kilachand as Whole-time Director has expired on 31st March, 2002. The Board of Directors have re-appointed him as Whole-time Director with effect from 1-4-2002 for a period of five years. In terms of the provisions of the Companies Act, 1956, your approval is sought for his re-appointment and for the remuneration payable to him as detailed in the notice convening the meeting. It may be noted that he is not drawing any remuneration with effect from 1st June, 1997 due to losses incurred by the Company.

17. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Director's Report.

18. AUDITORS' REMARKS

As regards the remarks in the Auditors' Report, please refer to the Notes on Accounts which are self explanatory.

19. AUDITORS

You are requested to appoint Auditors for the current year. The retiring Auditors, M/s. C. C. Chokshi & Co., Chartered Accountants, Mumbai are eligible for reappointment.

20. DEMATERIALISATION (DEMAT) OF EQUITY SHARES

The facility is available to shareholders to DEMAT their shares and it has become compulsory with effect from 25th September, 2000 as per SEBI guidelines. Shareholders are advised to DEMAT their Shares.

The Directors extend their sincere thanks to the State and Central Government authorities, Bankers and Shareholders for their co-operation and continued support during the difficult times being experienced by the Company.

Sincere thanks are also due to the management team and the staff for their valuable contribution despite adverse circumstances being faced by the Company.

On behalf of the Board of Directors

TANIL KILACHAND
Chairman & Managing Director

Registered Office:

7, Jamshedji Tata Road,
Churchgate Reclamation
Mumbai 400 020
Dated: 5th August, 2002.



ANNEXURE I

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken.
 - Power consumption is negligible.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of Energy.
 - Due to low power consumption no investment is proposed.
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
 - Not applicable.
- (d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto.
 - Not applicable.

B. TECHNOLOGY ABSORPTION:

- (e) Efforts made in technology absorption as per Form B of the Annexure.
 - Operations are simple, hence this is not applicable.

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

- (f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans.
 - Not applicable.
- (g) Total foreign exchange used and earned.
 - Refer note no 19(D) and 19(E) of Schedule 17.