



*Pasupati  
Acrylon Ltd.*

Report Junction.com

## **ANNUAL REPORT 2001-2002**

PASUPATI ACRYLON LIMITED

BOARD OF DIRECTORS

Chairman  
Sanjiv Nair  
(PICUP Nominee)

Managing Director  
Mr.Vineet Jain

Directors  
Mr.Vijay Kumar Jain  
Mr.Ramesh Kumar Jain  
Mr.M.M.Kohli  
Mr.B.N.Pasari  
Mr.Ravinder Kapur  
Mr.R.G. Nirmal (IFCI Nominee)  
Mr.Anil Sharma (PICUP Nominee)  
Mr.S.C.Malik (Director Finance)

Secretary  
Mr.S.D. Jain  
F.C.S., F.C.A.

Auditors  
M/s. B.K. Shroff & Co.  
New Delhi

Bankers  
Allahabad Bank  
State Bank of Patiala  
UCO Bank  
Bank of Maharashtra  
State Bank of Travancore  
Bank of Baroda  
UFJ Bank Ltd.  
Canara Bank  
Punjab National Bank

Regd. Office & Works  
Thakurdwara  
Kashipur Road  
Distt. Moradabad (U.P.)  
  
Corporate Office  
M-14, Connaught Circus  
(Middle Circle)  
New Delhi-110 001



## NOTICE

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the Members of Pasupati Acrylon Ltd., will be held on Saturday, the 28<sup>th</sup> day of September, 2002 at plant premises of Pasupati Acrylon Ltd., Village Thakurdwara, Kashipur Road, Distt. Moradabad (U.P.) at 10.30 A.M. to transact the following business :

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended March 31, 2002, Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. M.M.Kohli, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S.C. Malik, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

By order of the Board  
**PASUPATI ACRYLON LIMITED**

(S.D. Jain)

Company Secretary

Place : New Delhi  
Dated : August 16, 2002

Registered Office  
Thakurdwara  
Kashipur Road  
Distt. Moradabad  
Uttar Pradesh

## NOTES:-

- 1 (a) A member entitled to attend and vote, is entitled to appoint a proxy, to attend and vote instead of himself and such a proxy need not be a member.
- (b) Proxies in order to be effective must be received at the registered office of the Company, not less than 48 hours before the Annual General Meeting.
- (c) Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
2. Information relating to Item No.2 & 3 as required under Clause 49 of the Listing Agreement with Stock Exchanges is annexed hereto.
3. The Register of Members and share Transfer Books of the Company shall remain closed from Monday, the 16<sup>th</sup> September, 2002 to Saturday, the 28<sup>th</sup> September, 2002 (both days inclusive).

4. Members, who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easier identification of attendance at the meeting.
5. Members who are holding shares in identical names in more than one folio are requested to write to the Company to enable the Company to consolidate their shareholdings in one folio. Further, members are requested to immediately notify to the Company any change in their address.
6. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
7. In addition to the Registered Office of the Company, the shareholders can contact/write to Company's Corporate Office at M-14, Connaught Circus (Middle Circle), New Delhi-110001, for any communication with the Company.
8. Member(s)/Investor(s) are advised to avail nomination facilities pursuant to Section 109A of the Companies (Amendment) Act, 1999. Member(s) may at any time nominate a person in prescribed manner i.e. by sending Form 2B (enclosed with the Annual Report), under Rule 4CCC and 5D duly filled and signed by the Member(s)/Investor(s) to whom his/her shares shall vest in the event of his/her death. Investors may also send the nomination form to the Company's Corporate Office directly.

## ANNEXURE TO THE NOTICE

**Brief resume and other information, in respect of the Director(s) seeking re-appointment at the Annual General Meeting, as required under Clause 49 (vi) of the Listing Agreement with the Stock Exchanges is given hereinunder:**

## ITEM NO.2

**Re-appointment of Mr.M.M.Kohli**

Mr.Kohli, is a retired IAS officer of 1952 batch, aged about 72 years. He had been the ex-secretary to Ministry of Energy, Government of India. Mr.Kohli was appointed as Director of your Company in 1989. He has also held various senior positions in the State as well as at the Central Government and has varied experience in specialist functions and general management.

Presently, he is Director/Committee Member of the following Public Limited Companies:

Sl. No.	Name of the Company	Position	Membership of Board Committees
1.	Pasupati Acrylon Ltd.	Director	Audit Committee & Remuneration Committee
2.	Pasupati New Tech Ltd.	Director	—

## ITEM NO. 3

**Re-appointment of Mr. S.C. Malik**

Mr.Malik, aged 52 years, is a Fellow Member of the Institute of Chartered Accountants of India, has been in the service of your company since 1990 and has held senior positions in Finance and Accounts department of your company. He was appointed as Whole Time Director (Finance) in 1994.

Except, Pasupati Acrylon Limited, Mr.Malik do not occupy the position of Directorship/Committee Membership in any other Public Limited Company.



**DIRECTORS' REPORT**

To the Members

Your Directors present their Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2002.

**Financial Results**

(Rs. in Crores)

	2001-2002	2000-2001
Sales (Gross) & Other Income	193.84	207.33
Profit before Interest & Depreciation	1.50	2.78
Financial Charges	18.81	19.89
Depreciation	11.88	11.87
Profit/(Loss) before Taxes	(29.19)	(28.98)
Payment/Provision for Taxes	0.02	0.02
Extraordinary items being Depreciation relating to earlier year(s)	—	2.26
Profit/(Loss) after Taxes	(29.21)	(31.26)
Add: Profit & Loss Account surplus/(Loss) brought forward	—	(9.75)
Transfer from revaluation reserve	29.21	41.01
Profit/(loss) carried to Balance Sheet	—	—

In the absence of divisible surplus, your Directors are unable to declare any dividend for the year.

**OPERATIONS**

During the year under review, your company produced 21646 MT of Acrylic Fibre (ASF) as against 22602 MT during the previous financial year, utilising 96% capacity of the plant. During the same year, your company sold 23714 MT Acrylic Fibre (ASF) as against 20920 MT during the last financial year, thus registering an increase of 13.36%. The above has been achieved inspite of sluggish conditions prevailing in the market, due to which, a long shutdown of plant of about 22 days was also taken during the period under review. Dumping of Acrylic Yarn from Nepal at lower price due to import duty differential between India and Nepal on import of ASF, also adversely effected the price realisation.

The performance during the period under review suffered adversely due to recessionary conditions, no improvement in realisations, resulting in decline in Profit before Interest, Depreciation and Tax as compared to previous year, leading to meagre recovery of finance cost.

**CURRENT YEAR'S OUTLOOK**

The industry has started looking up from April, 2002 onwards, since imposition of Anti Dumping duty on Nepal with effect from 10<sup>th</sup> October, 2001, which is expected to give some

relief to the ailing industry. The improved demand has also resulted in some improvement in price realisation. The raw-material prices are also hovering at a reasonable rate. The company has also applied to financial institutions and banks for certain reliefs and concessions by way of restructuring of its term liabilities, which if granted, the same would result in reduction in the finance cost of the company, thus would improve the repayment capacity of the term debts.

**FIXED DEPOSITS**

The Company accepts fixed deposits from the public and the members without public invitation. The outstanding public deposits at the end of the year under review amounted to Rs.249.85 lacs. There were no default in repayment of deposits or interest thereon on due date and there were no overdue/ unclaimed deposits at the end of the year.

**DIRECTORS**

Messrs M.M. Kohli and S.C. Malik are retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

During the period under review, there have been following changes in the Nominee Directorship.

- The Pradeshia Industrial & Investment Corporation of UP Ltd. (PICUP) nominated Mr.Sanjiv Nair, Managing Director of PICUP in place of Mr. D.S.Bains, who was appointed in place of Mr.Prabhat C.Chaturvedi.
- IFCI Limited nominated Mr.R.G.Nirmal, General Manager of IFCI as Nominee Director of IFCI in place of Mr.T.K.Balan, who was nominated during the year under review.

Your Directors welcome the appointment of Mr. Sanjiv Nair and Mr.R.G.Nirmal and trust that the Company will benefit immensely from their experience, advice and guidance.

Your Directors also place on record their appreciation for the valuable services rendered by Mr. Prabhat C.Chaturvedi and Mr.T.K. Balan during their tenure.

**DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.**

Your Directors hereby confirm that:-

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;



**DIRECTORS' REPORT (Contd.)**

- ii) 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 financial year and of the profit or loss of the company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts on a going concern basis.

**HUMAN RESOURCES/INDUSTRIAL RELATIONS**

The Company valued, human resources as its most valuable assets, among all other assets of the company. It has been the policy of the company to actuate the talent by providing opportunities to develop themselves within the organisation. The company continued to have a very cordial and harmonious relations with its employees.

**INTERNAL CONTROL SYSTEM AND ADEQUACY**

Your company has been maintaining a well established procedure for internal control system. The finance function, inter-alia, is well staffed with experienced and qualified personnel at all levels and plays an important role in implementing and monitoring the statutory and internal policy control environment. There has been a review conducted on regular interval by the internal auditors about the financial and operating control at various locations of the company and any significant findings are reviewed by the Audit Committee of the Board of Directors.

**EMPLOYEES**

There were no employee drawing remuneration in excess of ceiling(s) prescribed under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended w.e.f. 17<sup>th</sup> April, 2002 and further clarification dated 25<sup>th</sup> June, 2002.

**STATEMENT PURSUANT TO LISTING AGREEMENT(S)**

The Company's securities are listed at Delhi, Mumbai, Madras, Calcutta & Kanpur Stock

Exchanges and the Company has paid Annual Listing Fee to all the Stock Exchanges.

**CORPORATE GOVERNANCE**

The Corporate Governance has become applicable to the Company from the Financial Year 2001-02. Accordingly, your company has taken requisite steps to implement the requirements of Corporate Governance as per SEBI/Stock Exchanges directives. A report on Corporate Governance, alongwith a certificate of compliance from Auditors, form part of this report.

**REVALUATION OF ASSETS**

Revaluation of indigenous plant & machinery was carried out as on 31.03.2002 by an approved valuer. The revaluation resulted in a gross increase in the value of assets over their original cost by Rs.3981.77 lacs, increase in depreciation upto to 30.03.2002 by Rs.1930.53 lacs and thereby net increase in replacement cost by Rs.2051.24 lacs which has been taken as increase in the value of plant & machinery as on 31.03.2002 by creating a revaluation reserve to that extent.

**AUDITORS AND THEIR REPORT**

M/s.B.K.Shroff & Co., Chartered Accountants, New Delhi retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received certificates from them under Section 224(1-B) & 226 (3) of the Companies Act, 1956.

The observation made by the Auditors in their report regarding set-off of accumulated losses against revaluation reserve, the same has been done, based on legal opinion taken by the company. Further, notes No. 11 & 12 given in schedule 'R' of annual accounts are self explanatory in this regard.

With regard to observation of auditor, regarding Mr.Ramesh Kumar Jain, Director, who is attracting disqualification u/s.274(1)(g) of the Companies Act, 1956, such disqualification shall be considered by the Board/Company at the time of his re-appointment.

**DEMATERIALIZATION OF EQUITY SHARES**

Effective 26<sup>th</sup> December, 2000, the equity shares of your company have been compulsorily traded in Dematerialised form and are available for trading in the depository systems, of both the National Securities Depository Ltd. and the Central Depository Services (India)

Ltd. As on 31<sup>st</sup> March, 2002 a total of 94.29 lacs equity shares representing 14.85% of the paid up capital have been dematerialised and about 6719 shareholders are holding shares in Demat form.

**ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

A statement giving details of conservation of energy, technology absorption and foreign exchange earning and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and form part of this Report.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their deep appreciation of the continued support and co-operation received from Financial Institutions, Banks and Shareholders, the State and Central Government, PICUP and Company's Collaborators.

Your Directors also wish to place on record their appreciation of the devoted services of the Company's employees, which have in great way contributed to the Company's progress.

for and on behalf of the Board

Sanjiv Nair  
Chairman

Place : New Delhi  
Dated : August 16, 2002



**DIRECTORS' REPORT (Contd.)**

(Additional Information in terms of Notification No.1029 of 16.12.1988 issued by the Department of Company Affairs)

**[A] CONSERVATION OF ENERGY**

(a) Some of the measures taken by the company for conservation of energy during the period under report are as under :

- i. Flash steam recovery from steam condensate tank.
- ii. Inverters were provided for ID fan, FD fan & SA fan of Boiler No.2 to save power.
- iii. To extend use of non-conventional fuel in Boilers, pith feeding system in 2<sup>nd</sup> Boiler was installed.
- iv. Inverter was provided in one number process pump in place of PIV to save power.
- v. Regular monitoring of steam traps conducted to eliminate wastage of steam.
- vi. To improve power factor, 200 KVAR capacitors were installed.
- vii. 11 Watts fittings were provided in place of 40W tube rods
- viii. 10 Nos. motors were replaced with small size motors at various positions to save power
- ix. To optimise pumps, running bigger size impellers, were provided in cooling water pump.
- x. 100 Nos. high lumens 40 Watt single tube rods were provided in place of 2 x 40 Watt ordinary tube rods to save power.
- xi. 2 Nos. FRP fans were provided for cooling tower in place of conventional alluminium fans to save power.

(b) Energy conservation measures under progress :

- i. To improve power factor further, 200 KVAR capacitors shall be added.
- ii. 4 Nos. inverters shall be provided on 4 Nos. process pumps to remove PIV and save power.
- iii. One more pith feeding system shall be installed for Boilers to further extend use of non-conventional fuel in place of coal.
- iv. To save power, 2 Nos. high efficiency bigger size pumps shall be installed for cooling water pumps so that instead of four pumps only two pumps run.
- v. 4 Nos. FRP fans shall be installed in place of alluminium fans for cooling tower to save power.
- vi. Energy audit from outside agency shall be conducted to explore areas of energy conservation.

(c) The total energy consumption and energy consumption per unit of production as per Form-A is annexed herewith.

**[B] TECHNOLOGY ABSORPTION**

Efforts made towards technology absorption are given as per Form-B is annexed herewith.

**[C] FOREIGN EXCHANGE EARNINGS & OUTGO**

(a) Export Activities

The Company exported fibre at FOB value of Rs.54.96 lacs during the year (previous year Rs.14.21 lacs).

(b) Total Foreign Exchange Used &amp; Earned

Foreign Exchange Used :

	2001-2002	(Rs.in lacs) 2000-2001
i) Travelling	4.46	13.95
ii) Interest & other charges	183.92	211.69
iii) Instalment under DPG for equipment/technical know-how and documentation	Nil	730.23
iv) CIF Value of Imports		
- Raw Material	7008.83	9714.96
- Stores and spares	63.80	93.42
- Capital Goods	—	—
Foreign Exchange Earned :		
- FOB Value of Exports	54.96	14.21



**DIRECTORS' REPORT (Contd.)****FORM - A**  
(See Rule-2)**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**  
**(A) POWER AND FUEL CONSUMPTION**

		Year Ending March 31,2002	Year Ending March 31, 2001
1. ELECTRICITY			
(a) Purchased*			
Units (in lacs)	KWH	NIL	NIL
Total Amount	Rs./Lacs	NIL	NIL
Rate per Unit	Rs./KWH	NIL	NIL
(b) Own generation			
(i) Through Diesel generator units (in lacs)	KWH	17.39	13.70
Unit per Ltr. of Diesel Oil	KWH/Litre	3.25	3.23
Cost/Unit	Rs./KWH	4.74	4.11
(ii) Through turbines			
Units (in lacs)	KWH	360.67	375.38
Total Cost	Rs./Lacs	1012.87	1005.29
Cost/Unit	Rs./KWH	2.81	2.68
2. COAL			
Quantity - units	MT	69766	75805
Total Cost	Rs./Lacs	1779.41	1744.31
Average rate	Rs./MT	2550.54	2301.50
3. HUSK			
Quantity - units	MT	3571.15	NIL
Total Cost	Rs./Lacs	33.91	NIL
Average Rate	Rs./MT	949.55	NIL
4. OTHERS/INTERNAL GENERATION			
Pith			
Quantity - Units	MT	4248	4062
Total Cost	Rs./Lacs	14.53	10.89
Rate/Unit	Rs./MT	342.06	292.73
* Electricity purchased from UPSEB			
(B) CONSUMPTION PER UNIT OF PRODUCTION			
Products	Acrylic Fibre/Tow/Tops		
Electricity	MW/MT	1.75	1.72
Fuel Oil	K.Ltr/MT	0.02	0.02
Coal	MT/MT	3.22	3.35
Pith	MT/MT	0.20	0.18
Husk	MT/MT	0.16	—

**FORM - B**  
(See Rule-2)**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION****(A) RESEARCH & DEVELOPMENT (R&D)****1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY :**

- a) Development work on substitution of lubricating and softening finish by indigenous one.  
b) Development work on indigenous manufacturing of AMPS.

**2. BENEFITS DERIVED AS A RESULT OF R&D :**

Saving in foreign exchange as well as cost of product.

**3. FUTURE PLAN OF ACTION :**

Developmental work on high tech acrylic frictional fibre.

**4. EXPENDITURE ON R&D**

	2001-2002	(Rs.in lacs) 2000-2001
Capital	—	—
Recurring	10.69	8.55
Total	10.69	8.55
% of Turnover	0.06%	0.04%

**(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION****1. Substitution of lubricant and softening finish are in advance stage for import substitution.****2. Particulars of imported technology in the last five years :**

Technology imported : NA  
Year of Import : NA  
Has technology been fully absorbed : NA  
If not fully absorbed, reason for &  
future action plan : NA





AUDITORS' CERTIFICATE

UNDER CLAUSE 49 OF THE LISTING AGREEMENT  
WITH THE STOCK EXCHANGES

We have examined the compliance of conditions of Corporate Governance by M/s.Pasupati Acrylon Limited for the year ended on 31<sup>st</sup> March, 2002, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as mentioned in the above mentioned listing agreement.

We state that no investor grievance is pending for a period of exceeding one month against the company as per the records maintained by the shareholders/ investors grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

for B.K.SHROFF & COMPANY  
Chartered Accountants

O.P. Shroff  
Partner

Place: New Delhi  
Date: August 16, 2002





## ANNEXURE TO THE DIRECTORS' REPORT

**Corporate Governance**

As required under Clause 49 of the Listing Agreement of the Stock Exchange(s)

**1) Company's Philosophy**

Corporate Governance refers to set of policies, principles, laws, regulations and procedures etc. Our company has made the requisite compliance under Corporate Governance. Over the years the company has been disclosing information concerning the performance and future prospects of the company in its Director's Report. As required under Clause 49 of the Listing Agreement with Stock Exchanges, following disclosures are set out towards achievements of good Corporate Governance.

**2) Board of Directors**

The Board of Directors consists of five promoter directors (one managing director, two nominee directors of PICUP and two non-executive directors); one whole time director (finance) and four non-executive directors (including nominee director of IFCI Ltd.). The company has a non-executive chairman.

The Company did not have any material pecuniary relationships with the non-executive directors during the year under review except payment of sitting fee for attending the Board/Committee Meeting(s).

The remuneration of executive/non-

executive directors is decided by the Board of Directors.

During the year, five Board Meetings were held on 28.04.2001, 26.06.2001, 27.07.2001, 22.10.2001 and 29.01.2002.

None of the Directors of the Board is member in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are directors.

The composition of Directors and the attendance at the Board Meetings during the year and the last Annual General Meeting and also number of other directorships and Committee Memberships are given below:

Sl.No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Director -ships	No. of Member of Committees #	Chairmanship of Other Committee(s)
1**** ** ■	Mr. Prabhat C. Chaturvedi (PICUP Nominee)	Chairman & Non-executive Director	5	No	9	1	Nil
2*	Mr. Vineet Jain	Managing Director & Executive Director	5	Yes	2	1	Nil
3*	Mr. Vijay Kumar Jain	Non-executive Director	4	No	1	1	Nil
4*	Mr. Ramesh Kumar Jain	Non-executive Director	5	No	6	3	1
5**	Mr. B.N. Pasari	Non-executive Director	3	No	9	1	Nil
6**	Mr. M.M.Kohli	Non-executive Director	2	No	2	1	Nil
7**	Mr. Ravinder Kapur	Non-executive Director	5	Yes	2	2	1
8** ■	Mr. Anil Sharma (PICUP Nominee)	Non-executive Director	5	No	10	5	Nil
9*** **	Mr. R.G.Nirmal (IFCI Nominee)	Non-executive Director	1	No	1	2	Nil
10	Mr. S.C.Malik	Director (Finance) & Executive Director	5	Yes	Nil	Nil	Nil
11****	Mr. T.K.Balan (IFCI Nominee)	Non-executive Director	5	No	Nil	3	Nil

\* Promoter Directors.

\*\* Non-executive and independent Directors.

■ Promoter Director pursuant to assisted sector agreement between the company and PICUP. However, pursuant to clause 49(1), they are being treated as Independent Director being Nominee of Financial Institutions (Refer circular of The Stock Exchange, Mumbai dated 17.01.2002).

\*\*\* Nomination of Mr.T.K.Balan was withdrawn w.e.f. 22.10.2001 & in his place Mr.R.G.Nirmal was nominated as IFCI Nominee on the Board.

\*\*\*\* Nomination of Mr.Prabhat C.Chaturvedi was withdrawn on 25.05.2002 and in his place Mr.D.S.Bains was nominated by PICUP. Nomination of Mr.D.S.Bains was withdrawn by PICUP on 17.07.2002 and in his place Mr.Sanjiv Nair, Managing Director of PICUP has been nominated.

# Including membership of Pasupati Acrylon Limited.



## ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

## 3. Audit Committee

The Audit Committee of the Company met thrice in a year. One meeting was held before finalisation of annual accounts and one in every six months. During the financial year ended March 31, 2002, the Audit Committee met on the following dates:

June 19, 2001, October 22, 2001 and March 28, 2002

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges and also as per Section 292A of the Companies Act. It interalia also include the overview of the Company's financial reporting processes, review of the half yearly and annual financial statements, the adequacy of internal control

systems, the financial and risk management policies etc.

**Composition**

The Audit Committee of the Board comprises of three non-executive independent directors and one Nominee Director of IFCI Ltd. and the Committee met three times during the year and attendance of the members at these meetings were as follows:-

Sl.No.	Name of Director	Status	Meetings Attended (Y/N)		
			19.06.01	22.10.01	28.03.02
1	Mr.Ravinder Kapur	Independent Director	Y	Y	Y
2	Mr.M.M.Kohli	Independent Director	N	Y	Y
3	Mr.B.N. Pasari	Independent Director	N	N	N
4	Mr.T.K.Balan*	Nominee Director of IFCI	Y	—	—
5	Mr.R.G.Nirmal **	Nominee Director of IFCI	—	N	Y

\* nomination was withdrawn w.e.f. 22.10.2001

\*\*appointed in place of Mr.T.K.Balan, w.e.f.22.10.2001.

The Chairman of the committee is decided at the respective meeting.

The Statutory Auditor (if need arise), Director (Finance) and Internal Auditors are invitees to the Audit Committee Meetings. The Company Secretary remaining in attendance at these meetings.

## 4. Remuneration Committee

During the year under review the company did not have a Remuneration Committee. A Remuneration Committee was however constituted in the Board Meeting held on 27<sup>th</sup> April, 2002.

Increase in the remuneration of Director (Finance) was done within the limits of Board resolution already passed on 29<sup>th</sup> October, 1999.

## 5. Remuneration Policy

Remuneration of employees largely consists of basic remuneration and perquisites.

The component of the total remuneration varies for different grades and is governed by Industry pattern, qualifications and experience of the employee, responsibilities handled by him and his individual performance etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognise their contribution, retain talent in the organisation and record merit.

## 6. Details of remuneration to Directors for the year ended 31.03.2002

## (i) Executive Directors

Name	Salary (Rs.)	Perquisites (Rs.)	Retirement benefits (Rs.)
Mr.Vineet Jain, Managing Director	1020000	626549	255000
Mr.S.C.Malik, Director (Finance)	534000	183443	133500

The above figures does not include contribution to Gratuity Fund as separate figures are not available.

The above remuneration is within the limits of remuneration approved by the Shareholders of the Company in their meeting held on 27<sup>th</sup> September, 1999 and 29<sup>th</sup> September, 2000.

The arrangements with Managing Director and Director (Finance) are contractual in nature. The agreement with Director (Finance) may be terminated at any time by either party giving three months notice in writing. However, the arrangements with Managing Directors and Director (Finance) are for a period of five years from the date of appointment.

## (ii) Non Executive Directors

Remuneration by way of sitting fee for attending Board / Audit Committee / Share Transfer-cum-Shareholder Grievance Committee Meetings, paid to the non-executive directors is as under.

Name	Sitting fee paid (Rs.)
Mr.Prabhat C. Chaturvedi ***	2500 #
(PICUP Nominee)	
Mr.Vijay Kumar Jain	2000
Mr.Ramesh Kumar Jain	12500
Mr.B.N. Pasari	1500

Mr.M.M.Kohli	2000
Mr.Ravinder Kapur	14000
Mr.Anil Sharma(PICUP Nominee)	2500
Mr.T.K.Balan *(IFCI Nominee)	2000 #
Mr.R.G.Nirmal **(IFCI Nominee)	1000 #

\* Nomination withdrawn w.e.f. 22.10.2001.

\*\* Appointed in place of Mr.T.K.Balan w.e.f. 22.10.2001.

\*\*\* Nomination of Mr.Prabhat C.Chaturvedi has been withdrawn w.e.f. 25.05.2002 and in his place Mr.D.S.Bains was nominated by PICUP. Nomination of Mr.D.S.Bains was withdrawn on 17.07.2002 and in his place Mr.Sanjiv Nair has been nominated by PICUP.

# Payment of sitting fee made in favour of PICUP/IFCI.

