



*Pasupati
Acrylon Ltd.*

ANNUAL REPORT 2002-2003

BOARD OF DIRECTORS

Chairman

Mr. 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. S.K. Shastri & Co.
New Delhi

Bankers

Allahabad Bank
State Bank of Patiala
UCO Bank
Bank of Maharashtra
State Bank of Travancore
Bank of Baroda
Canara Bank
Punjab National Bank

Regd. Office & Works

Thakurdwara
Kashipur Road
Distt. Moradabad (U.P.) - 244 601

Corporate Office

M-14, Connaught Circus
(Middle Circle)
New Delhi-110 001



NOTICE

Notice is hereby given that the 20th Annual General Meeting of the members of Pasupati Acrylon Ltd., will be held on Tuesday, the 30th day of September, 2003 at the 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, 2003, Auditors' Report thereon and the Director's Report.
2. To appoint a Director in place of Mr. Ravinder Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
3. To resolve not to fill up the vacancy of a Director resulting from retirement of Mr. B.N. Pasari, by rotation.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED that subject to the provisions of the Securities Contracts (Regulation) Act, 1956, Listing Agreements with the Stock Exchanges and Guidelines/Rules of the Securities Exchange Board of India and all other applicable laws, rules, regulations and guidelines and subject further to such approvals and sanctions as may be required, the Board of Directors (hereinafter referred to as "the Board" which term shall include a Committee of Directors) be and is hereby authorised to de-list the Equity Shares of the Company from the Stock Exchanges at Delhi, Kanpur, Kolkata and Madras as and when the Board considers it appropriate to do so in respect of any one or more of these Exchanges".

"RESOLVED FURTHER that the Board be and is hereby authorised to seek voluntary delisting to do all such acts, deeds and things as may be necessary or expedient for giving effect to the above resolution."

By order of the Board
PASUPATI ACRYLON LIMITED

(S.D. Jain)

Company Secretary

Place : New Delhi
Dated : August 18, 2003

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 on his behalf 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 as required under clause 49 of the Listing Agreement with the Stock Exchanges and explanatory statement relating to item No(s). 3 & 5 pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 16th September, 2003 to Tuesday, the 30th September, 2003 (both days inclusive).
4. Members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for facilitating identification for attendance at the meeting.
5. Members who are holding shares in identical names under more than one Folio are requested to write to the Company to consolidate their shareholdings under one Folio. The members are also requested to 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 on all working days between 11.00 a.m. and 1.00 p.m.
7. The members can contact/write to the Company at its Corporate Office at M-14, Connaught Circus (Middle Circle), New Delhi-110001 in addition to its Registered Office.
8. Members needing any information are requested to write to the company at its above said Corporate Office at least 7 days in advance of the Annual General Meeting, so as to enable the management to keep the information ready at the meeting.
9. Member(s) are advised to avail of nomination facilities pursuant to Section 109A of the Companies (Amendment) Act, 1999. They may nominate a person in the 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) to whom his/her shares shall vest in the event of his/her death. They may send the nomination form to the Company at its Corporate Office directly.

ANNEXURE TO THE NOTICE

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

ITEM NO.2
Re-appointment of Mr. Ravinder Kapur

Mr. Kapur, aged about 66 years, is a Fellow member of the Institute of Chartered Accountants of India, has been Director of your Company since 1984.

Presently he is Director/Committee Member of the following public limited companies:

Sl. No. of the Company	Position	Membership of Board Committees
1. Pasupati Acrylon Ltd.	Director	Share Transfer-cum Shareholder Grievance Committee, Audit Committee & Remuneration Committee
2. Ajanta Tubes Ltd.	Director	—
3. Shivani Textiles Ltd. (formerly known as Pasupati New-tech Ltd.)	Director	—

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO.3**

Mr. B.N. Pasari, Director, is retiring by rotation pursuant to section 256 of the Companies Act, 1956. He has expressed his desire not to seek re-election. This would result in a vacancy on the Board.

The Board of Directors does not propose to fill up the vacancy being caused by retirement of Mr. Pasari at this meeting or at any adjournment thereof.

None of the Directors of the Company is interested or concerned in the proposed Resolution.

ITEM NO.5

The Securities and Exchange Board of India (SEBI) had notified on February 17, 2003 "Delisting of Securities Guidelines-2003 ("the Guidelines"). As per the Guidelines, a company may seek voluntary delisting of its securities from all or some of the stock exchanges and further that an exit opportunity is not required to be provided in cases where such securities continue to be listed at a stock exchange having nationwide trading terminals i.e. The Stock Exchange, Mumbai (BSE), the National Stock Exchange (NSE) and any other stock exchange(s) that may be specified by SEBI in this regard. At present, Equity Shares of the Company are listed at the Stock Exchanges at Mumbai, Delhi, Kolkata, Madras and Kanpur.

It is proposed to de-list the Equity Shares of the Company from the Stock Exchanges at Delhi, Kolkata, Madras and Kanpur, in view of their negligible trading at these exchanges. The equity shares of the company would however, continue to be listed at The Stock Exchange Mumbai (BSE). Consent of members is sought to de-list the Equity Shares of the Company at the Stock Exchanges at Delhi, Kolkata, Madras and Kanpur as proposed in the Special Resolution.

Your Directors recommend the Resolution for approval of the Members.

None of the Directors of the Company is interested or concerned in the proposed Resolution.



DIRECTORS' REPORT

To the Members

Your Directors present their Report together with the Audited Accounts for the year ended 31st March, 2003.

Financial Results

(Rs. in Crores)

	2002-2003	2001-2002
Sales (Gross) & Other Income	207.20	193.84
Profit before Interest & Depreciation	10.58	1.50
Financial Charges	18.85	18.81
Depreciation	12.15	11.88
Profit/(Loss) before Taxes	(20.42)	(29.19)
Payment/Provision for Taxes	0.01	0.02
Profit/(Loss) after Taxes	(20.43)	(29.21)
Extra-ordinary Income	3.63	—
Add: Profit & Loss Account surplus/(Loss) brought forward	—	—
Transfer from revaluation reserve	—	29.21
Profit/(loss) carried to Balance Sheet	(16.80)	—

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

OPERATIONS

During the year under review, your company produced 24312 MT of Acrylic Fibre (ASF) as against 21646 MT during the previous financial year, utilising 108% capacity of the plant. During the same year, your company sold 22999 MT Acrylic Fibre (ASF) as against 23714 MT during the last financial year. The year under report, again witness a dull performance, due to disproportionate increase in the cost of main raw-material i.e. Acrylonitrile as compare to realisation of finish product, however, the profit before interest and depreciation showed improvement over previous two financial years.

CURRENT YEAR'S OUTLOOK

The performance during 1st half of current year, may not be upto the mark, again due to high cost of raw-material during this period and disproportionate realisation of ASF. The price of ACN, however, have started mellowing down from August, 2003, and with the improvement in Rupee vs. Dollar rate, it is expected that cost of raw-material should go down and the benefit of the same would result in 2nd half of current financial year.

The Company had also applied to Lead Financial Institution/Banks viz. IFCI/Allahabad Bank to restructure long term/short term debts of the company, which exercise is going on and it is

desired that reduction in finance cost would help the company in a long way.

FIXED DEPOSITS

The outstanding public deposits at the end of the year under review amounted to Rs.223.70 lacs. There was no default in repayment of deposits or interest thereon on the due dates and there was no overdue/unclaimed deposit at the end of the year.

DIRECTORS

Mr.Ravinder Kapur, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Mr.B.N.Pasari, Director also retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. He has however, expressed his desire, not to seek re-election at the forthcoming Annual General Meeting. The Board has proposed not to fill the vacancy resulting from the retirement of Mr.B.N.Pasari.

Your Directors place on record their appreciation for the valuable services rendered by Mr.B.N.Pasari during his tenure.

There was no change in the Nominee Directorship since the previous Director's Report.

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

Your Directors hereby confirm that:-

- in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- 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;
- 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;
- the directors had prepared the annual accounts on a going concern basis.



DIRECTORS' REPORT (Contd.)**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 functions, 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. 17th April, 2002 and further clarification dated 25th 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.

In view of negligible trading volumes on Stock Exchanges at Kanpur, Delhi, Madras and Kokatta, the benefit accruing to the investors by keeping the shares of the company listed on these Stock Exchanges are not commensurate with the costs incurred by the company for continued listing in these Stock Exchanges.

Taking into consideration the above fact, your directors has proposed a resolution, seeking members approval to delist the company's equity shares from Delhi, Kanpur, Kolkata and Madras Stock Exchanges, however your company's equity shares would continue to be listed in "The Stock Exchange, Mumbai" (BSE).

CORPORATE GOVERNANCE

The company has obtained a certification from the Auditors of the company regarding compliance of Corporate Governance. The same is annexed to this report.

COST AUDIT

The reports of Satnam Singh Saggu, Cost Accountants, in respect of the Cost Accounts of the company for the year ended 31st March, 2003 will be submitted to the Central Government in due course.

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. The note No.11 given in schedule 'R' of annual accounts is self explanatory in this regard. The guidance note as referred by the Auditors in their Audit Report, is only recommendatory and not mandatory in nature.

As reported by the auditors under their report that with the erosion of net worth of the company, the company has become a sick company u/s. 3(I)(o) of the SICA, 1985 and Section 2 (46AA) of the Companies Amendment Act, 2002. Necessary action in this regard would be taken to file reference with BIFR/National Company Law Tribunal as the case may be.

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

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 31st March, 2003 a total of 119 lacs equity shares representing

18.89% of the paid up capital have been dematerialised and about 9582 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 18, 2003



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

[A] CONSERVATION OF ENERGY

- | | | |
|--|--|--|
| <p>(a) Energy conservation measures taken during the period under report are as under:</p> <ol style="list-style-type: none"> i. Inverters were provided at various places to save power. ii. 400 KVAR capacitors were added to improve power factor and reduce line losses. iii. 8 Nos. big size motors were replaced with small size to save power. iv. FRP Fans were provided for Cooling Tower in place of conventional aluminium blade fans to save power. v. Deaerator pressure increased to increase efficiency of Boilers and Turbine. Thus reduction in coal consumption. vi. Heat Exchangers have been installed at various places to heat less temperature fluid from high temperature fluid to save energy. vii. Power savers installed in lighting circuits to save power. | <p>(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.</p> <ol style="list-style-type: none"> i. Installation of panelling type water wall tubes for Boiler No.2 & 3 to increase efficiency and capacity of boilers. Thus saving fuel. ii. Installation of 11 Nos. Inverters of various at various places to reduce power consumption. iii. Installations of high efficiency low capacity pumps instead of high capacity pumps at various places in process to save power. iv. Modification is to be carried out to use condensing heat of C-651 vapours for heating input steam to recovery plant. Thus saving of steam. v. Installation of Thermo Economiser to use energy going waste through pressure reducing station. | <p>(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production goods.</p> <p>(a) Power Saving about 1200 units/day
 (b) Steam Saving 8.2 Tons/day
 (c) Coal Saving 2.0 Tons/day</p> <p>So net saving Rs.12,900/day</p> <p>Impact on cost of production :
 The overall impact on cost of production on account of energy saving measures is Rs.0.16 per kg. However, the incremental impact for the financial year is Rs.0.08 per kg.</p> <p>(d) The total energy consumption and energy consumption per unit of production as per Form-A is annexed herewith.</p> |
|--|--|--|

[B] TECHNOLOGY ABSORPTION

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

[C] FOREIGN EXCHANGE EARNINGS & OUTGO

(a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plan.	(b) Total Foreign Exchange Used & Earned	
	Foreign Exchange Used :	Foreign Exchange Earned :
<p>There have been concentrated efforts to improve Export performance inspite of depressed market conditions in textile sector prevailed the worldover. However, your company has exported fibre at FOB value of Rs.720.50 lacs during the year (previous year Rs.54.96 lacs), hence achieved improvement in export and would continue to strive for the same.</p>		(Rs.in lacs)
		2002-2003
		2001-2002
	i) Travelling	4.46
	ii) Interest & other charges	183.92
	iii) Commission on export sales	—
	iv) Repair & Maintenance (plant & machinery)	—
	v) CIF Value of Imports	
	- Raw Material	7008.83
	- Stores and spares	63.80
	- Capital Goods	—
	Foreign Exchange Earned :	
	- FOB Value of Exports	54.96
		720.50

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, 2003	Year Ending March 31, 2002
1.	ELECTRICITY		
(a)	Purchased		
	Units (in lacs)	KWH	NIL
	Total Amount	Rs./Lacs	NIL
	Rate per Unit	Rs./KWH	NIL
(b)	Own generation		
(i)	Through Diesel generator units (in lacs)	KWH	17.39
	Unit per Ltr. of Diesel Oil	KWH/Litre	3.25
	Cost/Unit	Rs./KWH	4.74
(ii)	Through turbines		
	Units (in lacs)	KWH	360.67
	Total Cost	Rs./Lacs	1012.87
	Cost/Unit	Rs./KWH	2.81
2.	COAL		
	Quality of Coal and where used	'B', 'C' & 'D' grade Coal used in Boiler for generation of steam	
	Quantity - units	MT	69766.00
	Total Cost	Rs./Lacs	1779.41
	Average rate	Rs./MT	2550.54
3.	FURNACE OIL		
	Quantity - units	MT	NIL
	Total Cost	Rs./Lacs	NIL
	Average rate	Rs./MT	NIL
4.	HUSK		
	Quantity - units	MT	3571.15
	Total Cost	Rs./Lacs	33.91
	Average Rate	Rs./MT	949.55
5.	OTHERS/INTERNAL GENERATION		
	Pith		
	Quantity - Units	MT	4248
	Total Cost	Rs./Lacs	14.53
	Rate/Unit	Rs./MT	342.06



DIRECTORS' REPORT (Contd.)

		Year Ending March 31,2003	Year Ending March 31, 2002
(B) CONSUMPTION PER UNIT OF PRODUCTION			
Products	Acrylic Fibre/Tow/Tops		
Electricity	MW/MT	1.68	1.75
Fuel Oil	K.Ltr/MT	0.01	0.02
Coal ('B', 'C' & 'D' grade coal used in Boiler for generation of steam)	MT/MT	3.00	3.22
Pith	MT/MT	0.27	0.20
Husk	MT/MT	0.08	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)**

- SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY :
Efforts are being made to indigenise raw material 2-Arylamido, 2-Methyl Propane Sulphonic Acid.
- BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D :
NIL : Savings in foreign exchange is envisaged after completion of indigenisation of the raw material.
- FUTURE PLAN OF ACTION :
Development of speciality fibre such as Bicomponent Antipilling.
Development work towards enhancing capacity for speciality fibre.
- EXPENDITURE ON R&D

	2002-2003	(Rs.in lacs) 2001-2002
a) Capital		
b) Recurring	11.36	10.69
c) Total	11.36	10.69
d) Total R&D expenditure as a percentage of total turnover	0.06%	0.06%
(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION		
1. Efforts, in brief, made towards technology absorption, adaptation and innovation	- NO	
2. Benefits derived as a result of the above efforts, eg. product improvement, cost reduction, product development, import substitution etc.	- N.A.	
3. Particulars of imported technology in the last five years :		
(a) Technology imported	: NA	
(b) Year of Import	: NA	
(c) Has technology been fully absorbed	: NA	
(d) If not fully absorbed, reason for & future action plan	: NA	

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE
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 31st March, 2003, 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 18, 2003



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 27.04.2002, 27.07.2002, 16.08.2002, 30.10.2002 and 31.01.2003.

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 Directorships	No. of Member of Committees #	Chairmanship of Committee(s)
1 ** *** ■	Mr. Sanjiv Nair (PICUP Nominee)	Chairman & Non-executive Director	4	No	3	1	Nil
2*	Mr. Vineet Jain	Managing Director & Executive Director	5	Yes	2	1	Nil
3*	Mr. Vijay Kumar Jain	Non-executive Director	2	No	1	1	Nil
4*	Mr. Ramesh Kumar Jain	Non-executive Director	4	No	5	5	1
5**	Mr. B.N. Pasari	Non-executive Director	3	No	7	2	Nil
6**	Mr. M.M.Kohli	Non-executive Director	3	No	2	2	Nil
7**	Mr. Ravinder Kapur	Non-executive Director	5	Yes	2	3	1
8** ■	Mr. Anil Sharma (PICUP Nominee)	Non-executive Director	4	No	8	5	Nil
9**	Mr. R.G.Nirmal (IFCI Nominee)	Non-executive Director	4	No	1	3	Nil
10	Mr. S.C.Malik	Director (Finance) & Executive Director	5	Yes	Nil	Nil	Nil
11 ***	Mr. Prabhat C Chaturvedi (PICUP Nominee)	Chairman & Non-executive Director	1	No	9	1	Nil

* Promoter Directors.

** Non-executive and independent Directors.

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

■ 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).

Including membership of Pasupati Acrylon Limited.



CORPORATE GOVERNANCE (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, 2003, the Audit Committee met on the following dates:

August 16, 2002, October 30, 2002 and January 31, 2003

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)		
			16.08.02	30.10.02	31.01.03
1	Mr.Ravinder Kapur	Chairman & Independent Director	Y	Y	Y
2	Mr.M.M.Kohli	Independent Director	N	Y	Y
3	Mr.B.N. Pasari	Independent Director	Y	N	Y
4	Mr.R.G.Nirmal	Nominee Director of IFCI	Y	Y	Y

Mr.Ravinder Kapur, an independent Director was appointed as Chairman of Audit Committee on 16.08.2002.

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

4. Remuneration Committee

The remuneration committee of the Board comprises of six non-executive Directors (including three Nominee Director i.e. two directors from PICUP and one director from IFCI Ltd.) was constituted by the Board in their meeting held on 27th April, 2002 as per following details:

Sl.No.	Name of the Director	Status
1	Mr.Sanjiv Nair, PICUP Nominee	Non Executive Director
2	Mr.Anil Sharma, PICUP Nominee	Non Executive Director
3	Mr.R.G.Nirmal, IFCI Nominee	Non Executive Director
4	Mr.Ravinder Kapur	Non Executive Director
5	Mr.M.M.Kohli	Non Executive Director
6	Mr.B.N.Pasari	Non Executive Director

The remuneration committee shall meet as and when need arises. Further, the Board in their meeting held on 27th July, 2002 decided that the quorum of the remuneration committee shall be three committee members or 1/3rd of the total strength of the committee, whichever is lower (including presence of a nominee Director, whose presence is must for the purpose of quorum), instead of presence of all the committee members.

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

No meeting of Remuneration Committee was convened during the year.

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 31.03.2003

(i) Executive Directors

Name	Salary (Rs.)	Perquisites (Rs.)	Retirement benefits (Rs.)
Mr.Vineet Jain, Managing Director	1020000	628040	255000
Mr.S.C.Malik, Director (Finance)	540000	108235	135000

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 27th September, 1999 and 29th 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/Remuneration 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 * (PICUP Nominee)	500 #
Mr.Sanjiv Nair * (PICUP Nominee)	2000 #
Mr.Vijay Kumar Jain	1000
Mr.Ramesh Kumar Jain	14000
Mr.B.N. Pasari	2500
Mr.M.M.Kohli	2500
Mr.Ravinder Kapur	16000
Mr.Anil Sharma (PICUP Nominee)	2000
Mr.R.G.Nirmal (IFCI Nominee)	3500 #

* 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.

7. Share Transfer-cum-shareholder/Investor Grievance Committee

The Board has formed a Share Transfer-cum-Shareholder/Investor Grievance committee consisting of the following directors, the details of meeting attended by the directors/members is given hereunder:-

Sl.No.	Name of Director	No of Meetings held	No of Meeting attended
1	Shri Ramesh Jain	24	24
2	Shri Ravinder Kapur	24	24
3	Shir Vineet Jain	24	22

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

The Company Secretary was in attendance in all meetings except one meeting held on 18.01.2003.

The Committee deals with matters relating to :

- Transfer/Transmission of shares;
- Issue of Duplicate Share Certificates;

