

**RICOH**

**ELEVENTH ANNUAL REPORT 2003-2004**

Report  Junction.com

**RICOH INDIA LIMITED**

<b>BOARD OF DIRECTORS</b>	K. Yoshida - Chairman	From 28th November 2003
	Y. Niimura	From 28th November 2003 to 25th June 2004
	M. Takeiri	Upto 28th November 2003
	Y. Miura	Upto 28th November 2003
	S. Iijima	
	Ravi Kathpalia	
	D. C. Singhania	
	H. Kitada	From 25th June 2004
	N. Maitra	Managing Director
<b>AUDIT COMMITTEE</b>	Ravi Kathpalia D. C. Singhania S. Iijima	
<b>COMPANY SECRETARY</b>	Jayant Sood	
<b>BANKERS</b>	The Mizuho Corporate Bank Ltd. The Bank of Tokyo - Mitsubishi Ltd. The UFJ Bank Ltd. Sumitomo Mutsui Banking Corporation Citibank N.A.	
<b>AUDITORS</b>	M/S Sahni Natrajan & Bahl Chartered Accountants 303, Mansarover 90, Nehru Place New Delhi - 110 019	
<b>REGISTRAR &amp; SHARE TRANSFER AGENTS</b>	MCS Limited Srivenkatesh Bhavan W-40 Okhla Industrial Estate Phase-II, New Delhi-110020	
<b>FACTORY</b>	A- 9, GIDC Electronic Estate 'K' Road, Sector 15, Gandhinagar Gujarat - 382 044	
<b>REGISTERED OFFICE</b>	1104, Arcadia, 195, N.C.P.A. Road, Nariman Point, Mumbai - 400 021	
<b>CORPORATE OFFICE</b>	52 B, 1st Floor, Okhla Industrial Estate Phase III, New Delhi - 110 020	

**NOTICE**

Notice is hereby given that the **ELEVENTH ANNUAL GENERAL MEETING** of the Members of **RICOH INDIA LIMITED** will be held at the Indian Merchants' Chamber, Conference Hall (Walchand Hirachand Hall) 4<sup>th</sup> Floor, 76 Veer Nariman Road, Churchgate, Mumbai - 400 020 on Friday, the 17<sup>th</sup> September, 2004 at 10.00 a.m. to transact the following business: -

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2004 and the Profit and Loss Account for the year ended as on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in Place of Mr. S. Iijima, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in Place of Mr. D C Singhania who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors of the Company to fix their remuneration.

**SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:

**"RESOLVED THAT** Mr. K. Yoshida, who was appointed as an Additional Director with effect from 28<sup>th</sup> November 2003 by the Board of Directors, and who holds office as such upto the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received, be and is hereby appointed as a Director of the Company."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:

**"RESOLVED THAT** Mr. H. Kitada, who was appointed as an Additional Director with effect from 25<sup>th</sup> June 2004 by the Board of Directors, and who holds office as such upto the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under Section 257 of the Companies Act 1956 has been received, be and is hereby appointed as a Director of the Company."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution:

**"RESOLVED THAT** in accordance with the provisions of section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and whereas the proposed appointment fulfils the conditions specified in Part I of Schedule XIII to the Companies Act, 1956, Shri. H Kitada be and is hereby appointed Whole Time Director of the Company for a period of three years with effect from 25<sup>th</sup> June 2004, "

**"RESOLVED FURTHER THAT** H.Kitada will not draw remuneration by way of Salary, allowances and perquisites."

**"RESOLVED FURTHER THAT** Mr. H. Kitada shall devote whole of his time and attention to the business and affairs of the Company and shall perform and discharge all such duties and responsibilities as may be entrusted to him by the Board of Directors and shall exercise his powers subject to the superintendence control and direction of the Board."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution:

**"RESOLVED THAT** subject to the provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII, and all other applicable provisions of the Companies Act, 1956, and the Articles of Association of the Company, the remuneration payable to Mr. Nilava Maitra Managing Director of the Company, w.e.f. April 01, 2004 shall be as follows:

Basic Salary : Restricted to Rs. 16,20,000/- per annum.

Consolidated

Allowances : Restricted to Rs. 5,78,960/- per annum

Perquisites : Comprising of residential accommodation or house rent allowance, furniture and fixture at residence, furnishings, maintenance expenses of the residential accommodation, gardener and security provision at residence, gas, electricity, water, furnishings, reimbursement of allowances viz., Books and Periodicals, uniform allowance, reimbursement of medical expenses including hospitalization expenses for self, spouse and children, leave encashment and leave travel assistance for self and family, premium on personal accident/mediclaim insurance, Company car with driver, telephone at residence including mobile telephone, and such other benefits and allowances as are applicable to the

# RICOH INDIA LIMITED

Senior-most Management Cadre of the Company and as per the Company's rules, schemes and policies from time to time. Provided that the monetary value of such perquisites & other allowances, shall not exceed Rs. 801,040/- Per annum

In addition to the above, Mr. Nilava Maitra shall also be entitled to benefits such as performance bonus in accordance with the rules of the Company, the monetary value of such perquisite shall not exceed Rs. 11,00,000/- (Rupees Eleven Lac Only) per annum.

Mr. Nilava Maitra shall also be eligible to the following retiral benefits:

- (i) Gratuity as per Payment of Gratuity Act Payable at a rate not exceeding fifteen days salary for each completed year of service. The total value of which will not exceed Rs 81,000/- per annum.
- (ii) Contribution to the Provident fund, superannuation Fund to the extent these either singly or put together are not taxable under the Income tax Act. The total value of Provident fund shall not exceed Rs 1,94,400/- per annum, and the total value of superannuation fund shall not exceed Rs. 2,43,000/- per annum.

Mr. Nilava Maitra shall not be entitled to any sitting fee for attending the meeting of the Board of Directors or Committee thereof.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the tenure of Mr. Nilava Maitra as Managing Director, the remuneration payable aforesaid shall be treated as minimum remuneration within the meaning of section 198 of the Companies Act, 1956."

**RESOLVED FURTHER THAT** Mr. H. Kitada, Director and/or Mr. R. Kathpalia, Director and/or Mr. Jayant Sood, Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, things, matters as may be deemed necessary and incidental thereto."

## NOTES:

- a) An explanatory statement under section 173(2) of the Companies Act, 1956 in respect of the Special Business to at item No 5, 6, 7 and 8 is annexed hereto.
- b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY FORM MUST REACH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE MEETING.**
- c) The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday, 10<sup>th</sup>

September 2004 to Friday, 17<sup>th</sup> September 2004(both days inclusive).

- d) Members are requested to intimate the change, if any, in their Registered Address, to the Company's Registrar and Transfer Agents, MCS Limited, Srivenkatesh Bhavan, W-40, Okhla Industrial Area, Phase II, New Delhi - 110 020
- e) Members seeking further information about the accounts are requested to write to the Company at the Corporate Office address at New Delhi at least 2 weeks before the date of the meeting giving details of the information required.
- f) As a measure of economy copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report at the Meeting.

For RICOH INDIA LIMITED

Place: New Delhi

(Jayant Sood)

Date: 25th June 2004

Company Secretary

Registered Office:

1104, Arcadia, 195, NCPA Road,  
Nariman Point, Mumbai - 400 021

## ANNEXURE TO NOTICE

**Explanatory Statement as required under Section 173(2) of the Companies Act, 1956**

In terms of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts, relating to the Special Business of Item No. 5, 6, 7 and 8 of the accompanying Notice.

### Item No. 5

In order to broad base the composition of the Board of Directors, the Board at its meeting held on 28<sup>th</sup> November 2003 inducted Mr. K Yoshida, as additional director.

Mr. K Yoshida has been associated, in various positions with Ricoh Co. Ltd. Japan, since 1967.

Mr. K Yoshida, Graduated in March 1967, from Waseda University, Mr. K Yoshida brings with him 37 years of rich experience. His induction in the Board of Directors will further accelerate the future growth prospects of the Company. The Board of Directors of the Company recommends the passing of the resolution as set out in item No. 5 of the notice by the Shareholders.

None of the Directors of the Company, except Mr. K Yoshida is concerned or interested in the resolution.

### Item No. 6

In order to broad base the composition of the Board of Directors, the Board at its meeting held on 25<sup>th</sup> June 2004 inducted Mr. H. Kitada, as additional director.

Mr. H. Kitada has been associated in various position, with Ricoh Co. Ltd., Japan, for last 20 years. Since 2001 he is working with Ricoh India Ltd. as Vice President (Finance & Control).

Mr. H Kitada, Graduated from Faculty of Economics of Tsukuba University, Japan. He brings with him 20 years of rich experience. His induction in the Board of Directors will further accelerate the future growth prospects of the Company. The Board of Directors of the Company recommends the passing of the resolution as set out in item No. 6 of the notice by the Shareholders.

None of the Directors of the Company, except Mr. H. Kitada is concerned or interested in the resolution.

#### Item No. 7

Your Company is in the office automation industry. During the year, your Company achieved a total income of Rs 6693.15 lakhs. Your Company achieved a net profit of Rs. 115.23 lakhs during the year 2003-04.

Seventy Six percent Equity of the Company is held by Ricoh Co. Ltd. Japan.

#### Information about the appointee:

Mr. H Kitada is Graduate from Tsukuba University, Japan in Faculty of Economics.

He is associated with Ricoh Company Ltd., Japan, for last 20 years, in the year 2001 he joined Ricoh India Ltd as Vice President (Finance & Control).

#### Duties and Responsibilities:

Mr. H. Kitada shall perform and discharge all such duties and responsibilities as may be entrusted to him by the Board of Directors and shall exercise his powers subject to the superintendence control and direction of the Board.

#### Remuneration Proposed:

No remuneration is proposed to be paid to Mr. H. Kitada.

The Board of Directors of the Company recommends the passing of the resolution as set out in item No. 7 of the notice by the Shareholders.

None of the Directors of the Company, except Mr. H. Kitada is concerned or interested in the resolution.

#### Item No. 8

Mr. Maitra is B.Sc. (Engg.), and having over 29 years of experience.

He joined Ricoh India Ltd on 7/10/1998 as Vice President. On 1<sup>st</sup> October 2003 Mr. Matira, was promoted to the rank of Managing Director of the Company at a remuneration of Rs 28,49,000/- p.a. This remuneration was far below the industrial norms. He has played the most vital role in making Ricoh India one of the leading business houses in the field of photocopier & facsimiles. Since Mr. Maitra took over as MD of the Company the sales and net profit has shown a marked improvement.

#### Past remuneration details of Mr. Maitra are as under:

- Basic Salary Rs. 8,40,000 per annum.
- Consolidated Allowances 2,37,000 per annum.
- Perquisites:
  - Accommodation to be provided by the Company in accordance with the rules of the Company, upto Rs. 3,60,000/- (Rupees Three Lakhs Sixty Thousand Only) per annum.

b. Reimbursements / Allowances (includes Medical reimbursement, Books and Periodicals, Outfit allowance, Leave Travel for self and family). The total value of these will not exceed Rs 1,78,000 per annum.

#### c. Conveyance and Telephone.

Provision for Car with Driver for use on Company's Business, Telephone at residence including Mobile Telephone. Personal long distance calls and use of car for private purpose to be billed by the Company. The total value of these will not exceed Rs 2,34,000 per annum.

d. In addition to above, Mr. Maitra shall also be entitled to benefits such as performance bonus in accordance with the rules of the Company, the monetary value of such perquisite being limited to Rs. 10,00,000/- (Rupees Ten Lakhs Only) per annum.

#### Other terms and conditions

- Gratuity of Rs.42,000/- per annum.
- Provident fund of Rs 1,08,000/- per annum, and Superannuation fund of Rs. 1,26,000/- per annum.

The Remuneration Committee in its meeting held on 27<sup>th</sup> February 2004 recommended Increase in remuneration payable to Mr. N. Maitra. and same has also been approved by the Board of Directors in their meeting held on 27<sup>th</sup> February 2004.

Central Government vide its letter number 2/25/2004-CL.VII dated 18<sup>th</sup> June 2004 has also approved increase in remuneration payable to Mr. N. Maitra, subject to the approval of shareholders.

#### Statement, pursuant to the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956

##### 1. GENERAL INFORMATION

Nature of Industry	Office Automation			
Financial performance	Amount in Rs.' 000s			
Financial Parameters	Year	Year	Year	Year
	1999-2000	2000-01	2001-02	2002-03
Turnover	482396	533861	576947	550918
Net Profit(as compounded under Section 198)	3925	22008	5208	16590
Net Profit/(Loss) as per Profit & Loss Account	2344	3682	5208	7531
Amount of Dividend Paid	Nil	Nil	Nil	Nil
Rate of Dividend Declared	NA	NA	NA	NA
Export performance and net foreign exchange collaborations	Nil	Nil	Nil	Nil

Foreign Investment or collaborators, if any: 76%

#### INFORMATION ABOUT THE APPOINTEE:

##### (1) Background details.

Mr. Maitra is B.Sc. (Engg), and having over 29 years of experience.

He joined Ricoh India Ltd. on 7/10/1998 as Vice President, on 1<sup>st</sup> October 2003, because of stupendous performance, he was promoted to the rank of Managing Director of the

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Company on a remuneration of Rs 28,50,000/- p.a. This remuneration was far below the industrial norms. He has a rich experience of about 29 years in relevant fields in which the Company operates. He has played the most vital role in making Ricoh India one of the leading business houses in the field of photocopier, facsimiles and electronic white board. Since Mr. Maitra has taken over as MD of the Company the sales and net profit has shown a marked improvement.

## (2) Past remuneration:

Organization	Ricoh India Ltd
Designation	Managing Director
Salary & Perquisite	28,49,000 /- p.a.
Commission	Nil
Retirement	2,76,000/- p.a.
Total	Rs.31,25,000/- p.a.

(3) **Job Profile and his suitability:** Mr. N. Matira shall perform and discharge all such duties and responsibilities as may be entrusted to him by the Board of Directors and shall exercise his powers subject to the superintendence control and direction of the Board.

## (4) Remuneration proposed:

Basic Salary : Restricted to Rs. 16,20,000/- per annum.  
Consolidated : Restricted to Rs. 5,78,960/- per annum.  
Allowances

### Perquisites:

Comprising of residential accommodation or house rent allowance, furniture and fixture at residence, furnishings, maintenance expenses of the residential accommodation, gardener and security provision at residence, gas, electricity, water, furnishings, reimbursement of allowances viz., Books and Periodicals, uniform allowance, reimbursement of medical expenses including hospitalization expenses for self, spouse and children, leave encashment and leave travel assistance for self and family, premium on personal accident/mediclaim insurance, Company car with driver, telephone at residence including mobile telephone, and such other benefits and allowances as are applicable to the Senior-most Management Cadre of the Company and as per the Company's rules, schemes and policies from time to time. Provided that the monetary value of such perquisites & other allowances, shall not exceed Rs. 801,040/- Per annum

In addition to the above, Mr. Nilava Maitra shall also be entitled to benefits such as performance bonus in accordance with the rules of the Company, the monetary value of such perquisite shall not exceed Rs. 11,00,000/- (Rupees Eleven Lac Only) per annum.

Mr. Nilava Maitra shall also be eligible to the following retiral benefits:

- I) Gratuity as per Payment of Gratuity Act Payable at a rate not exceeding fifteen days salary for each completed year of service. The total value of which will not exceed Rs 81,000/- per annum.
- II) Contribution to the Provident fund, superannuation Fund to the extent these either singly or put together are not taxable under the Income tax Act. The total value of Provident fund shall not exceed Rs 1,94,400/- per annum, and the total value of superannuation fund shall not exceed Rs. 2,43,000/- per annum.

Mr. Nilava Maitra shall not be entitled to any sitting fee for attending the meeting of the Board of Directors or Committee thereof.

## (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person

(Amount in Rs.)

Position	Company	Remuneration	Experience & Qualification
Exe. Director - Mfg and Supply Chain, *	Xerox Modicorp Ltd.	Rs. 43,44,216	34 years B. Tech, MS
Exe. Director Customer Service Support, *	Xerox Modicorp Ltd.	Rs. 39,34,501	29 years B.E., PGDM(IIMB)
M.D. **	Gestetner (India) Ltd.	Rs.42,89,672	26 years B.E. (Mech.), MBA

\*(Source annual report 2001)

\*\* (Source annual report 2002)

## (6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: NIL

## III. OTHER INFORMATION:

(1) **Reasons for loss/inadequacy of profits:** The Losses as shown in the balance sheet are on account of Losses brought forward since 1997-98 from the erstwhile joint venture between Ricoh and RPG Since the time Ricoh Company Ltd, Japan has taken over the management and Control of Ricoh India Ltd., the profits of the Company are showing a gradual and Steady improvement.

(2) **Steps taken or proposed to be taken for improvement:**

Among the various steps taken by the Company to improve profitability some are enumerated below.

- To make available to the Indian markets, technologically superior products and services conforming to International standards and at a competitive price.
- Increase brand awareness and Brand equity through Advertisement Campaign.
- Train and develop Company's employees and dealer employees to improve Customer Satisfaction.

The Board of Directors of the Company recommends the passing of the resolution as set out in item No. 8 of the notice by the Shareholders.

None of the Directors of the Company, except Mr. N. Maitra is concerned or interested in the resolution.

By Order of the Board of Directors

For RICOH INDIA LIMITED  
(Jayant Sood)  
Company Secretary

Place: New Delhi  
Date: 25<sup>th</sup> June 2004  
Registered Office:  
1104, Arcadia, 195, NCPA Road,  
Nariman Point, Mumbai - 400 021



## DIRECTORS' REPORT

**Dear Members,**

Your Directors have pleasure in presenting the Eleventh Annual Report and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2004.

### FINANCIAL RESULTS

	For the Year ended 31.3.2004 (Rs. In lakhs)	For the Year ended 31.03.2003 (Rs. In lakhs)
Total Income	<u>6693.15</u>	<u>5509.18</u>
Profit/(Loss) before Depreciation	222.57	234.29
Less: Depreciation	<u>107.34</u>	<u>158.99</u>
Profit/(loss) before Taxation	115.23	75.31
Provision for Taxation	—	—
Net Profit/ (Loss)	115.23	75.31
Add: Balance brought forward from previous Year	(2808.49)	(2883.80)
Amount available for appropriation	<u>(2693.26)</u>	<u>(2808.49)</u>

### Appropriations:

Balance Carried to the Balance Sheet	<u>(2693.26)</u>	<u>(2808.49)</u>
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### OPERATIONS

During the year under review, your Company achieved a total income of Rs 6693.15 lakhs. Your Company achieved a gross profit before depreciation of Rs 222.57 lakhs and a net profit of Rs. 115.23 lakhs during the year under review as compared to net profit of Rs 75.31 lakhs in the previous year.

### FUTURE OUTLOOK

The global as well as the Indian economy, today is in exciting phase with opening up of many opportunities. The task before your Company, is quite challenging and requires many innovative approaches.

Having grown by over 20% in revenue terms over last year and having consolidated its position in the Indian market, your company today is well poised to face the challenges of the future with confidence and seize the opportunities that the economy and business environment is unfolding before us and grow at a faster pace than what we have achieved in the past.

The Customers requirements are changing rapidly. Being in regular touch with the Customers has helped your Company to anticipate the market trend as also understand the Customer requirements. To meet the changing Customer needs, your Company will continue to focus on strengthening technological capabilities, within the organization and that of its channel partners. In order to provide value to its Customers, your Company will continue to make available, products and services, which are competitive, so as to be recognized by our Customers as their most preferred solutions provider for Document Management Systems.

### DIRECTORS RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, Your Directors subscribe to the "Directors Responsibility Statement" and confirm as under:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) 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 true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) that the directors have taken proper and sufficient care for 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) that the directors have prepared the annual accounts on a going concern basis.

### LISTING OF EQUITY SHARES

The Equity Shares of the Company continue to be listed at the following stock exchanges:

- (1) The Stock Exchange, Mumbai, Phirozee Jeejeebhoy Towers, Fort, Mumbai - 400 001.
- (2) The Stock Exchange, Ahmedabad, Opp. Sahajanand College, Panjarapole, Ahmedabad - 380 015.

There are no arrears of Annual Listing fees payable to any of the above Stock Exchanges.

### INTERNAL CONTROL SYSTEMS

The In-house Operations Audit Group of the Company carried out internal audits as per planned Schedule at various locations. The internal audit is oriented towards examining the status of the operations of the internal controls at various levels. Additionally, the Audit Group regularly undertakes support action programmes to strengthen controls, wherever any control weakness is observed.

### AUDIT COMMITTEE

Pursuant to the provisions of Section 292A of the Companies Act, 1956, your Company has an Audit Committee of the Board of Directors and comprises of following members:

- 1) Mr. Ravi Kathpalia - Chairman
- 2) Mr. D. C. Singhania
- 3) Mr. Shigekazu Iijima

### CORPORATE GOVERNANCE

The report on Corporate Governance is enclosed and forms part of this report.

### DIVIDEND

In the absence of adequate profits during the year, the Directors have not recommended any dividend on equity and preference shares.

### FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the Shareholders and the Public.

### RISKS

Barring unforeseen circumstances there is no likelihood of a Significant Fluctuation in the interest rates on borrowed funds as the interest rates are currently very low and at a manageable level.

However, any potential \$ exchange rate fluctuation can affect payments for our imports. As a risk management technique, adequate hedging is done wherever necessary.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 119 of the Article of Association of the Company Mr. S. Iijima and Mr. D C Singhania retire by rotation and being eligible offer themselves for reappointment. Mr. M. Takeiri and Mr. Y. Miura resigned from the Directorship of the Company on 28<sup>th</sup> November 2003. The Board places on record its appreciation for the valuable services rendered by Mr. M. Takeiri and Mr. Y. Miura as Directors of the Company.

Mr. K. Yoshida and Mr. Y. Niimura were appointed as Additional Directors w.e.f. 28<sup>th</sup> November 2003. Mr. H. Kitada was appointed as alternate director to Mr. Y. Niimura on 28<sup>th</sup> November 2003. Mr. Y. Niimura resigned from the directorship of the Company on 25<sup>th</sup> June 2004. The Board place on record its appreciation for the valuable services rendered by Mr. Y. Niimura. Mr. H. Kitada ceased to be Alternate Director to Mr. Y. Niimura. Mr. H. Kitada was however, appointed as additional director on 25<sup>th</sup> June 2004.

All the directors have given disclosures under section 299 of the Companies Act, 1956.

As specified in section 274 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000. None of the directors of the Company is disqualified from being appointed as director.

## SUBSIDIARY COMPANY

The Company does not have any Subsidiary within the meaning of Section 212 of the Companies Act, 1956.

## AUDITORS REPORT

The notes to the Accounts referred to in the Auditor's Report are self-explanatory and therefore do not call for any further explanation.

## AUDITORS

Messrs. Sahni Natarajan & Bahl, the existing Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within

the prescribed limits under section 224(1-B) of the Companies Act, 1956.

## HUMAN RESOURCE DEVELOPMENT

Your Company has a strong focus on improving operational efficiency through organizational excellence. This quest for excellence requires hiring, developing and retaining a diverse workforce of the highest calibre. In this pursuit, various programmes were initiated during the year to enhance capabilities and skills of employees, and in improving sensitivity towards our customers.

The Board of Directors wish to place on record their sincere thanks for the co-operation and support received from the employees.

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure II to the Directors Report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, a statement showing the relevant particulars as stated therein is annexed as Annexure I and forms part of this report.

## ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere gratitude for the guidance and support received from the Banks and other Government and regulatory agencies and look forward to their continued support.

For and on behalf of the Board of Directors,

New Delhi	H. KITADA	N. MAITRA
25th June 2004	Director	Managing Director

## Registered Office:

1104, Arcadia, 195, N.C.P.A. Road,  
Nariman Point, Mumbai - 400 021

## ANNEXURE I TO THE DIRECTORS REPORT

PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED TO BE DISCLOSED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

### 1. CONSERVATION OF ENERGY.

The Company not being a power intensive unit, the consumption for the purpose of manufacturing was not very high. However, all efforts are being made to keep the consumption within reasonable limits.

#### FORM A

	2003-04	2002-03
<b>A. Power and Fuel Consumption</b>		
1. Electricity		
a) Purchased		
Unit (KWH)	51685	46805
Total amount (Rs. In lakhs)	4.47	4.21
Rate per unit (Rs.)	8.66	9.01
b) Own generation		
(i) Through diesel generation		
Units (KWH)	-	-
Units per litre of diesel oil (KWH)	-	-
Cost per unit (Rs.)	-	-



(ii) Through Steam/turbine Generator	Units (KWH)	-	-
	Units per litre of fuel oil/Gases (KWH)	-	-
	Cost per unit (Rs.)	-	-
2. Coal (Special quality and where used)			
	Quantity (Tonnes)	-	-
	Total Cost (Rs. In lakhs)	-	-
	Average rate (Rs.)	-	-
3. Furnace Oil			
	Quantity (K. ltrs)	-	-
	Total cost (Rs. In lakhs)	-	-
	Average rate (Rs.)	-	-
4. Others / Internal generation (LPG and other gases)			
	Quantity (Kgs.)	-	-
	Total cost (Rs.)	-	-
	Rate per unit (Rs.)	-	-
B. Consumption per unit of Production			
(i) Electricity (KWH)		-	-
(ii) Furnace Oil (Ltrs./Mt.)		-	-
(iii) Coal		-	-
(iv) Others		-	-

**II. TECHNOLOGY ABSORPTION****FORM B**

1. Specific area in which R&D carried out by the Company	Nil
2. Benefits derived as a result of the above R & D	Nil
3. Future Plan of Action	Nil
4. Expenditure on R & D	
a) Capital	Nil
b) Recurring	Nil
c) Total	Nil
d) Total R & D expenditure as a percentage of total Turnover.	N.A.

**Technology Absorption, Adaptation and Innovation**

1. Efforts, in brief, made towards Technology Absorption, Adaptation and Innovation	Nil
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	Nil
3. In case of imported technology (imported during the last five years, reckoned from the beginning of the financial year), following information may be furnished	
a) Technology imported	Nil
b) Year of Import	
c) Has technology been fully absorbed?	
d) In not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action.	N.A.

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:	
2. Total Foreign Exchange used and earned	

	For the year Ended 31.03.2004 (Rs. In lakhs)	For the year ended 31.03.2003 (Rs. In lakhs)
Foreign Exchange earned	596.21	1082.01
Foreign Exchange used	2429.06	2120.55

**ANNEXURE II TO THE DIRECTORS REPORT****PARTICULARS OF EMPLOYEES FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED MARCH 2004, IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956.**

Persons employed throughout the financial year who were in receipt of remuneration for the financial year 2003-04, which in aggregate was not less than Rs. 24,00,000/- p.a.

S. No.	Employee Name	Designation	Nature of Duties	Age (yrs)	Gross Salary	Qualification Exp. (yrs)	DOJ	Last. Employment & Designation
1.	Nilava Maitra	Managing Director	Managerial	51	28,40,237	B.Sc. (Engg) 29 yrs	7/10/1998	Sterling Tree Magnum (I) Ltd. Asst. Vice President