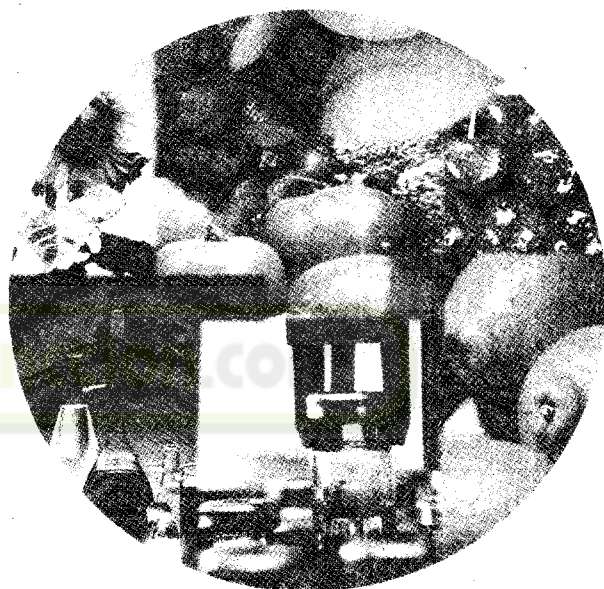
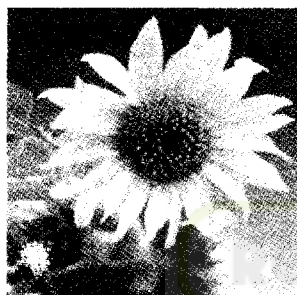


SABERO

The right chemistry at work



13th Annual Report 2003-2004



SABERO ORGANICS GUJARAT LIMITED



SABERO ORGANICS GUJARAT LIMITED

BOARD OF DIRECTORS

Mr. Hero J. Chuganee
Mr. Mohit H. Chuganee
Mr. John R. English
Mr. Raj Tandon
Mr. A.B. Shah
Mr. Anand Swaminathan
Mr. Sumit H. Chuganee
Mr. J. S. Sethi

Chairman
Vice Chairman & Managing Director

GIIC Nominee

Director-Corporate Affairs

COMPANY SECRETARY

Mr. Prem Hinduja

AUDITORS

SMNP & COMPANY
Chartered Accountants

BANKERS

Union Bank of India
Bank of India

SOLICITORS

Manilal Kher Ambalal & Co.
Rajani Associates

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Intime Spectrum Registry Ltd.
C-13, Kantilal Maganlal Industrial Estate,
Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai - 400 078.
Tel.: 2592 3837
Fax : 2567 2693

REGISTERED OFFICE & FACTORY

Plot No. 2102, GIDC,
Sarigam - 396 155, Dist.-Bulsar,
Gujarat.
Tel. : 0260-2780395, 2780852
Fax : 0260-2780853

CORPORATE OFFICE

A-302, Phoenix House,
3rd Floor, 462, Senapati Bapat Marg,
Worli (E), Mumbai 400 013.
Tel.: 022-24964898, 24960979
Fax : 022-24953727

13th Annual General
Meeting on Tuesday,
28th September, 2004 at
11.00 A.M. at Umergam
Club, Madhuban Complex,
Sanjan Road, Umergam -
396 171, Dist. Bulsar,
Gujarat.

CONTENTS

	Page No.
Notice	1
Directors' Report	2
Management Discussion & Analysis	4
Corporate Governance	5
Auditors' Report	7
Balance Sheet	9
Profit & Loss A/c.	10
Schedules	11
Cash Flow Statement	21



SABERO ORGANICS GUJARAT LIMITED

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of Sabero Organics Gujarat Limited will be held on 28th September, 2004 at 11.00 A.M. at Umargam Club, Madhuban Complex, Sanjan Road, Umargaon - 396 171, Dist. Bulsar to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2004 and the Profit & Loss Account for the financial year ended on that date together with the Report of the Directors' and Auditors' thereon.
- To appoint a Director in place of Mr. Raj Tandon who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Mr. J. S. Sethi who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

- To consider and if thought fit to pass with or without modification/s the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, Company do hereby accord its approval to re-appointment of Mr. J. S. Sethi as Director - Corporate Affairs of the Company for a period of two years from 1st April, 2004 upon the terms, conditions and stipulations contained in an agreement entered by the Company with Mr. J. S. Sethi."

By Order of the Board of Directors

For Sabero Organics Gujarat Limited

Place: Mumbai
Date : 30.7.2004

Prem Hinduja
Company Secretary

NOTES:

- 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 OF THE COMPANY.
- Proxies in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- Members desirous of obtaining any information as regards accounts and operations of the Company are requested to write to the Company at least one week before the meeting, so that the information required will be made available at the meeting.
- The Register of Members of the Company will remain closed from 20th September, 2004 to 28th September, 2004 (both days inclusive).
- Members are requested to notify immediately any change in their addresses to the Registrars & Share Transfer Agent, M/s Intime Spectrum Registry Ltd.
- The Company's shares continue to be traded in electronic form and the investors may hold the securities in the electronic form. The investors may avail the facility of dematerialisation of shares of the Company.
- Mr. Raj Tandon who is retiring by rotation and being eligible offers himself for re-appointment. He has been holding the position of the Director of the Company for last nine years and his business experience has been very helpful to the Company.
- Mr. J. S. Sethi who is retiring by rotation and offering himself for re-appointment has been holding very senior management position and holds M.A. and LLB degrees to his credit. He presently does not hold any directorship in other companies.
- All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day prior to the date of the Meeting and also at the Meeting.
- Explanatory Statement pursuant to Section 173 (2) of the Companies Act 1956 is attached herewith

By Order of the Board of Directors

For Sabero Organics Gujarat Limited

Place: Mumbai
Date : 30.7.2004

Prem Hinduja
Company Secretary

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 (2) of the Companies Act, 1956 ('the Act')

The following Explanatory Statement relating to Special Business at item No. 5 of the accompanying Notice sets out all material facts as required under Section 173 (2) of the Act.

ITEM NO. 5

At the Eleventh Annual General Meeting held on 30th August, 2002 the members had approved inter alia the terms of the remuneration of Mr. J. S. Sethi, Director - Corporate Affairs of the Company. It is proposed to re-appoint Mr. J. S. Sethi as Director - Corporate Affairs of the Company with effect from 1st April, 2004. The material terms of the appointment and remuneration payable to Mr. J. S. Sethi as embodied in the Agreement to be entered into with him upon receipt of the approval of the Members are as follows:

Period of Appointment : For a period of 2 years from 1st April, 2004 subject to terms and conditions as per the standard company's employees contract.

A. Salary : Rs. 25,000/- per month.

Salary Grade : Rs. 15,000/- to Rs. 30,000/- Annual Increment as may be decided by the Managing Director of the Company.

C. Perquisites:

i. Housing: Company leased Accommodation or H.R.A. subject to a maximum of 60% of salary as determined by the Managing Director.

ii. Medical Reimbursement as per the Rules of the company and the same not to exceed one month's salary.

b) Company maintained Car with driver and Telephone facility at the Residence for official purpose.

Notwithstanding anything mentioned in this part, where in any financial year, during the currency of the tenure of the Director - Corporate Affairs, the Company has no profits or its profits are inadequate, the Company shall pay him by way of salary and perquisites not exceeding the limits specified above.

The Director-Corporate Affairs so long as he functions as such will not be entitled to any sitting fees for attending meetings of the Board of Directors or committee thereof.

This agreement may be terminated at any time by either party hereto by giving to the other two months notice in writing for such termination and neither party will have any claim against the other for damages or compensation by reason of such termination. In any event, the Director-Corporate Affairs shall not be entitled to any compensation in cases mentioned in section 318(3) of the Companies Act, 1956.

If at any time this Agreement is terminated, Shri J.S. Sethi shall cease to be Director-Corporate Affairs of the Company.

Mr. J. S. Sethi is holding Master Degree in Economics and Law Degree and has about more than 32 years of experience in the field of Legal, Pers. & Admin. and Indirect Taxation and is considered suitable for the position of Director - Corporate Affairs of the Company. Though Mr. J. S. Sethi has attained the age of 70 years, but he is a FIT PERSON, to discharge his day to day duties in the interest of the Company, as he has been already doing. Your Directors consider that the experience and expertise of Mr. J. S. Sethi, would benefit the Company and they commend the resolution for approval.

None of the Directors of the Company is in any way deemed to be concerned or interested in the aforesaid resolution except Mr. J. S. Sethi.

The agreement is available for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day prior to the date of the Meeting and also at the Meeting.

By Order of the Board of Directors

For Sabero Organics Gujarat Limited

Prem Hinduja
Company Secretary



13TH ANNUAL REPORT

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 13th Annual Report and audited accounts of your company for the year ended 31st March, 2004.

FINANCIAL HIGHLIGHTS :

The salient features of the company's results are :

	Year Ended 31.03.2004	(Rs. in lacs) Year Ended 31.03.2003
Gross Sales : Domestic	8167.23	6583.70
Export	4841.70	3634.75
Total Sales	13008.93	10218.45
Profit before interest, Depreciation and Taxation	1929.62	1444.99
Less : Interest & Finance Charges	870.89	945.85
Less Depreciation	451.48	435.51
Exceptional Items	84.20	88.39
Provision for Tax (including deferred Tax)	304.90	(45.54)
Profit (Loss) for the year before prior period adjustments	386.55	197.55
Less : Prior period adjustments	203.15	—
Profit / (Loss) for the year	183.40	197.55
Surplus Brought forward from last year	—	(384.81)
Transfer from (to) Debenture Redemption Reserve	—	226. 58
Balance carried to General Reserve	183.40	39.32

Exceptional Item refers to waiver granted by UTI, New India Assurance and Oriental Insurance in the course of restructuring.

DIVIDEND :

Although company has made profits during the year, with a view to conserve the resources, the directors do not recommend any dividend for the year 2003-2004.

AUDITORS' OBSERVATION :

The Auditors in the Annexure to their report vide Para (ix) have commented on the non-payment of income tax deducted at source of Rs.7.72 lacs. The management says the same has since been paid, the Auditor vide the same para has also commented upon non transfer of eligible amount from the earmarked deposit account to Investors Education and Protection Fund amounting to Rs.12 lacs. The Management states application for transferring the same from the earmarked funded account has been made by the Company to the Bankers which is pending with the bank for completion of the internal approval requirement.

Vide Para (xi) of the same report, the Auditors have commented about delay in dues to financial institutions/banks/ debenture holders. The Management states that the appropriate overdues as applicable will be cleared based on the restructuring package for which applications are pending.

DEPOSITORY SYSTEM :

The company's shares continue to be traded in the DEMAT form and is registered with National Securities Depository Limited (NSDL) and Central Depository Services Ltd.(CDSL)

FIXED DEPOSITS :

The Company has not accepted any deposits from Public under section 58A of the Companies' Act 1956 during the financial year under review.

HUMAN RESOURCES :

We recognise the value of people as our most valuable asset and believe that your Company's employee are central to its sustainable success.

Consequently, our people strategies are fully aligned with business strategies. Business goals are communicated down the line regularly so that our people have a complete understanding of the Company's strategic direction and can identify with it. Importantly employee goals are linked to organisational goals.

Developing, motivating, rewarding and retaining talent at all levels is a business priority and a key responsibility of your Company's Senior Management. Performance accountability is textured into the reward systems and recognition of achievements forms a critical part of our HR processes. Delegation, empowerment, learning from failures that emanate from calculated risks is being institutionalised as well.

Your management has met with considerable success in creating a work place environment that nurtures innovation and encourages people to constantly learn and grow. As a result of this human resources focus, your Company boasts of a highly engaged and committed workforce.

INSURANCE :

All the properties of the company have been adequately insured

BANK & FINANCIAL INSTITUTIONS :

We wish to place on record our appreciation of the support of the financial institutions like ICICI, IDBI and GIC as well as our bankers, Union Bank Of India & Bank Of India.

DIRECTORS :

Your Directors are regret to inform about the sad demise of Mr. S. S. Mathur on 27th September, 2003. The board places on record its deep sense of appreciation for the overall services rendered by late Mr. S.S. Mathur during his tenure as a director of the Company.

Mr. Anand Swaminathan was appointed as a Director of the Company with effect from 31st October, 2003 in the casual vacancy caused by death of Mr. S.S. Mathur.

Mr. Raj Tandon and Mr. J. S. Sethi will be retiring by rotation at the forthcoming Annual General Meeting and being eligible for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31st March 2004, 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 judgement and estimates that were 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 the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



SABERO ORGANICS GUJARAT LIMITED

- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2004 on a 'going concern' basis.

AUDITORS :

The term of M/s SMNP & Co, Chartered Accountants, expires at the conclusion of this Annual General Meeting and they are eligible for re-appointment. The Auditors have given a certificate to the effect that the re-appointment if made will be within the prescribed limits specified u/s 224 (1B) of the Companies Act, 1956. The observations made in the Auditors' Report are a statement of facts and do not require further clarifications.

SUBSIDIARIES :

A statement relating to subsidiary Companies, Sabero Australia Pty Ltd and Sabero Europe BV pursuant to Section 212 of the Companies Act, 1956 is attached to the Balance Sheet

CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE EARNINGS AND OUTGO :

The particulars of Conservation of Energy, Technology, Foreign Exchange Earnings and Outgo required under section 217 (1)(e) of the Companies Act, 1956 read with the company's (Disclosure of

Particulars in the Report of the Board of Directors) Rules, 1988 are given in Annexure - A forming part of the Report.

PARTICULARS OF EMPLOYEES :

Information as per Section 217(2A) of the Companies Act, 1956 is not applicable as no employee or Directors is drawing remuneration above the limit prescribed under the aforesaid Section.

INDUSTRIAL RELATIONS :

The overall industrial relations in the company have been cordial. Your directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of the company.

ACKNOWLEDGEMENTS :

The Board is thankful to our Customers, Suppliers, Bankers, Central Government, Government of Gujarat, Mumbai Stock Exchange, National Stock Exchange where the Company had paid the Listing fees.

On behalf of the Board of Directors

Place : Mumbai
Date : 30th July 2004.

Hero J. Chuganee
Chairman

ANNEXTURE "A" TO THE DIRECTORS' REPORT

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	CURRENT YEAR 2003-2004	PREVIOUS YEAR 2002-2003
--	------------------------------	-------------------------------

A. POWER & FUEL CONSUMPTION

1) Electricity		
a) Purchased Units (kwh)	9881396	8208490
Total Amount (Rs.)	55817706	42684148
Average Rate / Unit (Rs.)	5.65	5.20
b) Own Generation		
Through Diesel generator		
Unit (kwh)	89572	76084
Unit per liter of Diesel Oil	3.20	3.20
Cost per unit (Rs.)	8.44	7.81
2) Fuel for Steam Generation		
i. Furnce Oil		
Quantity (KL)	2240	3339.50
Total Amount (Rs.)	48339797	35064981
Average Rate (Rs./KL)	21580	10500
ii. HSD (KL)	569.48	577.00
Total Amount	11916689	14425000
Average Rate (Rs./KL)	20926	25000

CONSERVATION OF ENERGY :

- 1) Boiler and Steam distribution system was audited again for improvement. Implementation of the recommendations is in progress.
- 2) Some of the drives having fluctuating load are connected in Star mode resulting in saving of Rs.5.00 lacs.
- 3) Further Mancozeb hot air generator was converted from fuel HSD to LDO resulting in savings of Rs.25 lacs.

FORM - B

DISCLOSURE OF PARTICULARS WITH RESPECT TO

A) RESEARCH & DEVELOPMENT

The R&D Department is recognised by Department of Science and Industrial Research (DSIR), Government of India and is fully equipped with pilot plant facility and sophisticated instruments like GLCs, HPLC, UV -Visible Spectro Photo Meter, Potentiometric Titrator etc, etc

Our R & D department has developed various processes for environment of friendly formulations of Mancozeb like SE, SC, OS (Oil Suspension), WDG etc. During the year 2003-04 all these formulations are commercialized.

On the basis of development at our R & D Centre DETA, DETC by the P2S5 route, P2S5 by continuous process, Chloropyrifos (Tech.), DDVP, Red Mancozeb, Blue-Green Mancozeb are commercialized.

B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

During the year 2003-04, the company has absorbed technology for Chloropyrifos (Tech.) and DDVP and commercialized the same. Internally developed process and technology was commercialized for environmental friendly formulations of Mancozeb namely SC, SE and OS formulations.



13TH ANNUAL REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

FINANCIAL & OPERATIONAL PERFORMANCE

The Company's gross sales increased from Rs. 10218.45 Lacs in 2002-2003 to Rs. 13008.93 Lacs in 2003-2004 with remarkable strides in exports comprising of 44% of its turnover. The Company also created a niche market for its branded formulation products. *Owing to an increase in volumes, the Company's EBITDA increased to Rs. 2045.71 Lacs in 2003-2004 against Rs. 1573.67 Lacs in 2002-2003.* the improvement in performance may be attributed to an adequate monsoon, higher sales volumes to Multinationals, major thrust on exports and strict financial discipline.

FUTURE PROSPECTS

The Company expects to continue the up trend for sales and profitability in the current year 2004-2005. The Company has added new products viz. Chloropyrifos (CPP) and Dichlorovos (DDVP – planned 2004-05) in its existing plants by making them multi-purpose whose contribution will be reflected in the year 2004-05. The Company has also introduced an environmentally safe, new formulation namely Mancozeb Water Dispersible Granule (WDG/DF) and is the first generic non-Multinational Company in the world to introduce this product. The Company already exports its WDG/DF formulation to many countries around the world. The Company has been expanding its presence in the global market by increased penetration in various markets and is now in the process of finalizing a joint venture with a Company in Brazil, which is the second largest agrochemical market in the world. The Company also intends to formalize its targeted strategy for entry into regulated markets of USA and EU. In the last six months, the Company has obtained additional registrations in Bangladesh, Guatemala, Ecuador, Indonesia, Jordan and Morocco. The Company has also been optimizing its costs to improve its profitability and has established a well-structured organization with intensive infrastructure so that future sales can be achieved with marginal increase in costs. The Company is focusing on maximizing its capacity utilization and achieving its operational efficiencies, with full compliance to environmental standards.

INTEREST RESTRUCTURING

The Company has been reducing its interest burden through various measures, such as converting the term loan with ICICI from Rupee denominated to Foreign Exchange denominated, which was completed in January 2004. The Company continued its efforts to restructure its long term debt and successfully negotiated terms with the New India Assurance, National Insurance, Oriental Insurance. Efforts are on to complete the same with United India Insurance and further reduce the rate with IDBI. The Company also completed its one time settlement with UTI. The restructuring will reduce the debt-servicing burden of the company and also improve its profitability with a lower interest burden.

RESEARCH & DEVELOPMENT

The Company is giving due emphasis on R & D for process improvements in existing products as well as developing various new products for implementation in the year 2005-2006. The Company is also trying to achieve GLP certification for its in-house laboratory so that data generated on physico-chemical properties and chemical analysis which are done within the parameters of GLP would be found acceptable by regulatory agencies around the world. The Company has received R&D Center accreditation by Ministry of Science and Technology of Government of India upto 31.03.2006. As reported, the company has developed new formulation of Mancozeb namely WDG (Dry Flowable), SE & SC, Blue-Green Mancozeb, Red Mancozeb and Mancozeb OS (Oil Suspension).

SAFETY, HEALTH & ENVIRONMENT(SHE)

In the previous year the Company was awarded the ISO 14001 certification by Bureau Veritas Quality International which renewed the certification after completing the required periodical surveillance audits as required under the ISO system.

The Company is also in the process of working towards achieving OHSAS 18001 to keep up its momentum with respect to its commitment to Safety, Health & Environment.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate systems of internal control in order to ensure that all transactions are authorized, recorded and reported correctly. In the previous year the Company was awarded the ISO 9001 certification by Bureau Veritas Quality International which renewed the certification after completing the required periodical surveillance audits as required under the ISO system. The Company had successfully implemented an ERP system in the previous year, which is now fully integrated with respect to Corporate office in Mumbai, the Factory in Sarigam and its various C & F agents. This system will enable the Company to realize the synergies of integrating its various departments resulting in an on-line information system across the Company.

The internal audit system was strengthened by creating a separate position for a Chartered Accountant employed by the Company to effectively co-ordinate the internal audit conducted by an external firm appointed by the Company. The role of this individual is to co-ordinate the management response to the findings of the internal auditor and ensure implementation and compliance of the same. In addition, a system of pre-audit for all vouchers was introduced. It is the intention of the Company to further strengthen the pre-audit process as well as to introduce a concurrent audit for all vouchers in the next year.

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

The Company recognizes the importance of human resource development and industrial relations and therefore continues to conduct regular conferences and seminars to upgrade the skills and competence of its existing human resources as well as to create an awareness among employees to manage change, which is necessary to succeed in such a dynamic environment. These seminars encourage employees to make a paradigm shift in the way they think, act and the way in which they find creative solutions to problems.

CAUTIONARY STATEMENT

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials costs and availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.



SABERO ORGANICS GUJARAT LIMITED

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance
(Pursuant to Clause 49 of the Listing Agreement)

A. MANDATORY REQUIREMENTS

1. Corporate Governance

Corporate Governance is a process of building positive relationship and making a wider impact to intensify the interests and appreciation of its members with greater commitment and much greater trust, which your Company believes and follows. Corporate Governance is an ongoing measure of superior delivery of the Company's objects with a view to translate opportunities into reality. It involves, leveraging its resources and aligning its activities to consumer need, shareholder benefit and employee growth, thereby delighting all its stakeholders while minimizing risks.

2. Board of Directors:

Composition & Size of the Board

The Board of Directors consists of eight directors comprising of three Whole time Executive directors & the remaining Directors of Non-Executive category, of which one is a Nominee of Gujarat Industrial Investment Corporation Limited. The Chairman is an Executive Director and the number of independent directors is 50% of the composition of the board.

Number of Board Meetings held and attended by Directors

Four Board Meetings were held during the year 2003-2004. The dates on which the said meetings were held are as follows:

22nd May, 2003, 30th June, 2003, 31st July, 2003, 31st October, 2003, 30th January, 2004 and 5th March, 2004.

The Composition of the Board, Category of Directors and their Attendance at the Board Meetings and last Annual General Meeting (AGM) and the number of Companies and Committees where he is Director/ Member (as on the date of the Directors' Report) are as follows:

Directors	Category of Directorship	No. of Board Meetings Attendance	Attended at the last AGM	Directorship in other Companies*	No of Other Board Committees
Chairman Member					
Mr. Hero J. Chuganee	Executive	6	Yes	-	1
Mr. Sumit H. Chuganee	Non-Executive	5	No	-	2
Mr. J. S. Sethi	Executive	4	Yes	-	1
Mr. A. B. Shah (Nominee of GIC Ltd.)	Non-Executive	5	No	4	-
Late Mr. S. S. Mathur	Non-Executive	3	Yes	-	-
Mr. Raj Tandon	Non-Executive	6	Yes	-	1
Mr. Anand Swaminathan	Non-Executive	3	No	-	2
Mr. John R. English	Non-Executive	0	No	-	1
Mr. Mohit H. Chuganee	Executive	4	Yes	-	1

* Excludes directorship in Private Limited Companies and Overseas Companies. Note: Only three committee has been considered for this purpose viz. Audit Committee, Investors Grievances Redressal Committee and Remuneration Committee.

All significant information had been placed before the Board. Henceforth, the required information as listed in the Annexure I of Clause 49 will be made available to the Board. Mr. Anand Swaminathan was appointed as a Director of the Company with effect from 31st October, 2003 in the casual vacancy caused by death of Mr. S.S. Mathur.

3. Audit Committee:

Broad Terms of Reference

The terms of reference of this Committee covers the matters specified for Audit Committee under clause 49 of the Listing Agreements and Section 292A of the Companies Act, 1956.

- Reviewing the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve payment for other services.
- Reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements concerning financial statements.
- Reviewing the adequacy of internal control systems and internal audit function, ensuring compliance of internal control systems and reviewing the Company's financial risk and management policies.

- Reviewing the reports furnished by the internal auditors and statutory auditors and ensure suitable follow-up thereon.

Composition

The Company has formed Audit Committee consisting of three Non-Executive Directors under the Chairmanship of Mr. Anand Swaminathan, the other members of the Committee being Mr. Raj Tandon and Mr. Sumit H. Chuganee. The Statutory Auditors and the Internal Auditors attend the meeting on invitation by the Chairman. The Company Secretary acts as the Secretary to the Committee.

Meetings and the attendance during the year

There were three meeting of the Audit Committee during the year. The attendance of each member of the committee is given below:

Name of Director	No. of meetings attended
Late Mr. S. S. Mathur	2
Mr. Raj Tandon	4
Mr. Sumit H. Chuganee	3
Mr. Anand Swaminathan	2

4. Remuneration Committee / Remuneration to Directors:

The Remuneration Committee consists of three directors namely Mr. Anand Swaminathan as Chairman, Mr. Raj Tandon and Mr. John R. English as members, all of whom are independent directors. The Remuneration Committee met once during 2003-04 on 30th January, 2004.

Remuneration Policy:

The Executive Directors are paid remuneration as per the agreements entered between them and the Company. Those agreements are placed for approval before the Board, the Shareholders and such authorities as may be necessary. The remuneration structure of the Executive Directors comprises of salary, house rent allowance, perquisites and contribution to provident fund.

The Non-Executive Directors except one to whom Professional Fees is paid for rendering Technical Advisory Services do not draw any remuneration from the company. Sitting fees are paid to all other Non-Executive Directors.

Remuneration (excluding gratuity) to the Executive Directors:

(Figures in Rs.)

Director	Position	Salary and Allowances	Contribution to Provident Fund	Perquisites	Total
Mr. Hero Chuganee	Chairman	13,02,624/-	1,36,800/-	64,500/-	15,03,924/-
Mr. Mohit Chuganee	Vice Chairman & MD	7,42,475/-	1,29,600/-	27,925/-	9,00,000/-
Mr. J. S. Sethi	Director- Corporate Affairs	2,82,000/-	-	-	2,82,000/-

Remuneration/sitting fees paid to the Non-Executive Directors:

(Figures in Rs.)

Director	Professional Fees	Sitting Fees
Mr. Sumit Chuganee	18,00,000	-
Mr. S.S. Mathur	-	5,000
Mr. Raj Tandon	-	10,000
Mr. Anand Swaminathan	-	5,000
Mr. A. B. Shah	-	5,000

5. Investors Grievances Redressal Committee

The Company has formed an Investors Grievances Redressal Committee under Chairmanship of Mr. Raj Tandon. The other members of the Committee are Mr. Anand Swaminathan and Mr. J. S. Sethi.

The committee looks into redressing of shareholders/investors complaints. During the year under review 391 requests and complaints were received from shareholders/investors, which were replied/resolved to the satisfaction of the investors.

Mr. Prem Hinduja, Company Secretary is designated as a Compliance Officer.

6. Share Transfer Committee

The Board has delegated the powers to a committee to approve transfer/ transmission of shares/debentures and attend to all other matters related thereto. The Committee consist of Mr. Hero Chuganee, Mr. Mohit Chuganee and Mr. Sumit Chuganee.

The Committee generally meets twice a month. Our Registrar & Transfer Agent M/s Intime Spectrum Registry Ltd. have processed 1020 requests of transfer during the year. All the requests were processed within the prescribed time except 164 cases where precautionary notices were sent to the registered shareholders for confirmation of sale.



13TH ANNUAL REPORT

7. General Body Meetings

The details of Annual General Meetings (AGM) held in last three years are as under:

Financial Year	Date & Time
2002-2003	26 th September, 2003 at 11.00 A.M.
2001-2002	30 th August, 2002 at 11.00 A.M.
2000-2001	28 th September, 2001 at 9.30 A.M.

All the AGMs were held at Umargam Club, Madhuban Complex, Sanjan Road, Umargam - 396 171, Dist. Bulsar, Gujarat.

All the resolutions including the special resolutions set out in the respective Notices were passed by the Shareholders. No postal ballots were used for voting all these meetings.

8. Disclosures

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict of interest with the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with the related parties are disclosed in Note no.13 of Schedule 19 to the Accounts in the Annual Report.

There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last year.

9. Means of Communication

The un-audited financial results on quarterly basis and the half yearly results are published within 48 hours in two newspapers, one in English and other in Regional Language.

The Company's results and official news release are displayed on the web site of the Company at www.sabero.com. There were no presentations made to the institutional investors or analysts.

Management Discussion and Analysis form part of the Annual Report, which is posted to the shareholders of the Company.

10. General Shareholder information

AGM: Date, Time and Venue 28th September, 2004 at 11.00 A.M at Umargam Club, Madhuban Complex, sanjan Road, Umargam - 396171, Dist Bulsar, Gujarat.

Financial Calendar April to March
Date of Book Closure 20th September, 2004 to 28th September, 2004

Dividend Payment Date Not Applicable
Listing on Stock Exchange The Mumbai Stock Exchange, The National Stock Exchange of India Ltd.

Stock Code At Mumbai Stock Exchange : 524446

At National Stock Exchange : 25146

Demat (SIN) number For NSDL : INE243A01018

For CDSL : INE243A01018

High / Low of market price of the Company's shares traded on the Mumbai Stock Exchange during the Financial year 2003-2004 is furnished below :

Period	High (Rupees)	Low (Rupees)	Period	High (Rupees)	Low (Rupees)
April, 2003	4.60	3.20	October, 2003	17.24	13.00
May, 2003	6.00	3.80	November, 2003	17.80	12.25
June, 2003	11.50	5.06	December, 2003	26.10	16.00
July, 2003	13.57	8.35	January, 2004	25.00	17.70
August, 2003	18.99	12.22	February, 2004	20.80	16.25
September, 2003	22.25	12.25	March, 2004	16.70	10.00

Performance comparison to broad-based indices such as BSE Sensex, CRISIL Index etc.

Since the shares are quoted below par and thinly traded this information is not relevant.

Registrar and Transfer Agents: M/s Intime Spectrum Registry Ltd. C-13, Pannal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai - 400 078
Tel. No.: 25923837 • Fax - 25672693

*Share Transfer System

The share transfer work is being entrusted to the Registrar and Share Transfer Agents, M/s Intime Spectrum Registry Limited.

Distribution of shareholding and shareholding pattern as on 31.3.2004

No. of equity shares held	Shareholders	% Share Amount	%
1	5000	17057	87.29
5001	10000	1330	6.81
10001	20000	570	2.92
20001	30000	217	1.11
30001	40000	82	0.42
40001	50000	94	0.48
50001	100000	100	0.51
100001	99999999	91	0.46
Total	19541	100.00	207443150 100.00

Shareholding pattern as on 31.3.2004

Category	No. of Shares	%
Promoters Group including Relatives, Associates and Corporate Bodies	11856078	57.14
Mutual Funds, UTI and Banks	127700	0.62
Indian Public	6922054	33.37
NRI/OCBs	636916	3.07
Private Corporate Bodies	1201567	5.80
Total	20744315	100.00

Dematerialisation of shares and liquidity

As on 31.03.2004	
(i) Paid up Capital	20744315
(ii) Paid up Capital - Holding pattern	
a) National Securities Depository Limited	9532305
b) Central Depository Services (India) Limited	759252
c) Physical Form	10452758

Outstanding CDRs/ADRs/Warrants or any convertible instruments conversion date and likely on equity.

Plant Locations

The Company's plant located at Plot No. 2102, GIDC, Sarigam - 396 155 Dist. - Bulsar, Gujarat

Address for correspondence

A-302, Phoenix House, 3rd Floor, 462 Senapati, Bapat Marg, Worli (E), Mumbai - 400 013
Tel. : 24960978-9 Fax : 24953727

B. NON-MANDATORY REQUIREMENTS:

1. Chairman of the Board

The company has an Executive Chairman and hence, the requirement pertaining to reimbursement of expenses to a Non-Executive Chairman does not arise.

2. Remuneration Committee

Please refer to Item No. 4 under the heading "Mandatory Requirements"

3. Shareholder Rights

As the Company's results are published in English, and Gujarati newspapers having wide circulation in the state of Maharashtra and Gujarat, the same are not sent to each household of shareholders.

4. Postal Ballot

The provisions relating to Postal Ballot will be complied with in respect of matters where applicable.

Auditors' Certificate of Corporate Governance

To,
The Members,
Sabero Organics Gujarat Limited

We have examined the compliance conditions of Corporate Governance by Sabero Organics Gujarat Limited for the year ended 31st March, 2004 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation therefore, 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 statement of the Company. In our opinion and to the best of our information and explanations given to us and the representation made by the Directors and Management, we certify that the Company has complied the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

As required by the guidance issued by the Institute of Chartered Accountants of India and as explained to us by the Company and as per the records made available to us by the Company and the share transfer agent we have to state that, all request for transfer were processed within the prescribed time except for the cases which have been mentioned in para 6 of the Report on Corporate Governance along with reasons thereof.

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

Place : Mumbai
Date : 29th June, 2004

For SMNP & Co
CHARTERED ACCOUNTANTS
SUNIL DAYMA
PARTNER