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SUPREME PETROCHEM LTD

**ANNUAL REPORT
2003-2004**

BOARD OF DIRECTORS

M.P. Taparia, Chairman

Rajan B. Raheja

A.H. Parpia

B.L. Taparia

Satish B. Raheja

S.J. Taparia

Hasmukh Shah

N. Chandar – IDBI Nominee

S.C. Bhatia – ICICI Bank Ltd. Nominee

REGISTERED OFFICE :

612, Raheja Chambers,
Nariman Point, Mumbai – 400 021

CORPORATE OFFICE:

17/18 Shah Industrial Estate,
Veera Desai Road, Andheri (W),
Mumbai – 400 053

PLANT:

Amdoshi,
Wakan Roha Road,
Post : Patansai,
Taluka Roha,
Dist. Raigad, Maharashtra - 402 106

BANKERS:

State Bank of India
Bank of Baroda
Central Bank of India
ICICI Bank Ltd.
IDBI Bank Ltd.
The ING Vysya Bank Ltd.
The Karur Vysya Bank Ltd.
State Bank of Indore

AUDITORS:

M/s. Parikh & Shah
Chartered Accountants

INTERNAL AUDITORS:

G.M. Kapadia & Co.
Chartered Accountants

REGISTRARS & TRANSFER AGENTS:

Karvy Computershare Private Limited
Karvy House,
46, Avenue 4, Street No. 1,
Banjara Hills,
Hyderabad – 500 034

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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of SUPREME PETROCHEM LTD will be held at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, IMC Marg, Churchgate, Mumbai 400 020 on Monday, October 25, 2004 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and the Audited Statement of Accounts together with the Auditors' Report thereon for the financial year ended June 30, 2004.
2. To ratify the dividend paid on 10.5% Redeemable Cumulative Preference Shares.
3. To declare a dividend on equity shares.
4. To appoint a Director in place of Shri S. J. Taparia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri M. P. Taparia, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri Hasmukh Shah, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

8. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution the following:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations

created by the Company as may be necessary on such of the assets of the Company both present and future, in such manner as the Board may direct, in favour of the financial institutions, banks, mutual funds, overseas banks and other bodies corporate (hereinafter referred to as the Lending Agencies)/ Trustees for the holders of the debentures/bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/ foreign currency loans, non-convertible debentures, bonds and other instrument of an equivalent aggregate value not exceeding Rs.5000 lacs (Rupees five thousand lacs only) together with the interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under the respective Agreement/ Loan Agreement/Debenture Trust Deeds to be entered into by the Company in respect of the said borrowings.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with the Lending Agencies/Trustees the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to the above resolution".

For and on behalf of the Board

M. P. TAPARIA
Chairman

Registered Office:

612, Raheja Chambers
Nariman Point
Mumbai - 400 021

Date: July 28, 2004

NOTES

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. The Proxy Form should be lodged with the Company at the Registered Office at least 48 hours before the time of the meeting.

An explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business at Item No. 8 of the above Notice is annexed.

Register of Members of the Company will remain closed from **Tuesday, October 12, 2004 to Monday, October 25, 2004** (both days inclusive).

Members who hold shares in the de-materialised form are requested to write their Client ID and DP ID Number and those who hold shares in the physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

Members who would like to avail payment of dividend through Electronic Clearing Service (ECS) are requested fill up the Mandate Form provided in this Annual Report and mail it to the Company's registrar and share transfer agents - Karvy Computershare Private Limited, Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034. The information provided by you will be kept confidential and would be utilised only for the purpose of effecting the payments meant for you.

Members are requested to bring their copies of the Annual Report to the Meeting.

Dividend on Equity Shares, if declared, will be paid on or after October 25, 2004.



ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 regarding Special Business.

ITEM NO. 8:

The Company proposes to approach financial institutions/banks and/or other Lending Agencies for term loans/non-convertible debentures (NCD's)/Bonds not exceeding Rs.5000 lacs (Rupees five thousand lacs only) to meet fund requirements for capital expenditure (in connection with the Company's projects to expand installed capacity and for setting up of minor port).

The said Term Loans/NCD's/Bonds/other instruments when sanctioned/availed of/subscribed to are to be secured by appropriate mortgage/charge in favour of respective financial institutions/banks/overseas banks and/or other Lending Agencies on such of the assets of the Company both present and future, as may be decided by the Board of Directors. The resolution at Item No.8 is considered necessary having regard to section 293(1)(a) of the Companies Act, 1956.

The Directors commend the resolution at Item No. 8 for your approval.

None of the Directors of the Company may be deemed to be in any way concerned or interested in the resolution except Shri N. Chandar, who is a Nominee of IDBI and Shri S. C. Bhatia, who is a Nominee of ICICI Bank Limited. They will be concerned or interested in the resolution, if the term loans are sanctioned by IDBI & ICICI Bank Limited respectively or to the extent that the NCD's /Bonds are subscribed to by IDBI & ICICI Bank Limited, respectively as the case may be.

For and on behalf of the Board

M. P. TAPARIA
Chairman

Registered Office:
612, Raheja Chambers
Nariman Point
Mumbai – 400 021.

Date: July 28, 2004

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DIRECTORS' REPORT

Your Directors are pleased to present the Fifteenth Annual Report alongwith Audited Accounts of your Company for the financial year ended June 30, 2004

1. FINANCIAL RESULTS

(Rupees in lacs)

	2003 -2004	2002 - 2003
Income (Net of Excise)	111106.53	78230.44
Operating Profit	6691.77	7037.49
Cash Profit/(Loss)	4983.87	4446.15
Profit for the year	3364.85	2741.62
Provision for tax	(264.59)	(183.00)
Deferred Tax Liability (Net)	(1207.15)	(1294.01)
Profit after tax	1893.11	1264.61
Prior period adjustments	(3.08)	-
Balance brought forward from Previous Year	(740.04)	(2004.65)
Amount available for appropriation	1149.99	(740.04)
Appropriation therefrom :		
Dividend on preference shares (including corporate dividend tax)	65.44	-
Proposed dividend on equity shares (including corporate dividend tax)	882.05	-
Balance carried forward	202.50	(740.04)

In view of improved results your Directors are pleased to recommend a maiden dividend of 8% on equity shares.

2. FINANCE

Continuing the financial restructuring programme your Company exercised the Call Option on 10.5% Redeemable Cumulative Preference Shares aggregating Rs.124 lacs in the month of March 2004 and redeemed these preference shares alongwith accumulated dividend.

The debt profile was also restructured during the year under review bringing down the interest cost from Rs.2591 lacs to Rs.1708 lacs.

Pursuant to the approval of the members in the Annual General Meeting held on October 20, 2003 your Company allotted 6872800 equity shares of Rs.10/- each on a preferential basis to the promoters at a premium of Rs.7.46 per share resulting in an infusion of Rs.1200.00 lacs (including premium) in your Company.

During the year your Company reviewed the minor port project and plans for growth/diversification and issues arising therefrom including availing of financial assistance from International Finance Corporation (IFC), Washington.

It was decided to proceed with the construction of minor port. The second phase of the project involving laying of pipeline from the port to the plant has been deferred. The

Board in view of the changed business environment has approved following capital expenditure schemes:

- Construction of Minor Port with shore tanks at village Dherand, Taluka Alibag, District Raigad in the State of Maharashtra;
- Revamping and de-bottlenecking of Polystyrene lines from a capacity of 2,04,000 t.p.a. to 2,72,000 t.p.a.;
- EPS plant with 40,000 t.p.a. capacity

In view of the change in the capital expenditure programme and the need to finalise new means of finance, the Board decided not to proceed for the time being with the placement of FCCBs with International Finance Corporation, Washington.

3. FOREIGN EXCHANGE SAVINGS AND CONTRIBUTION TO EXCHEQUER

Net foreign exchange savings of Rs.11124 lacs was effected on account of import substitution/exports. During the year under review your Company paid Rs.11243 lacs in indirect taxes/duties.

4. NEW CORPORATE IDENTITY

Your Company has unveiled a new corporate identity for itself, as evident on the cover of this Annual Report.

Your Company's increasing focus on value added niche products and the proposed new businesses detailed in this report prompted the change to this fresh and more representative symbol.

5. ISO CERTIFICATION

Your Company continues to be certified with ISO 9001:2000 and Environmental Management System ISO 14001:1996 certifications. Your Company is also a signatory to Responsible Care and is taking active steps in implementation and maintenance of all the applicable codes under Responsible Care.

6. HEALTH & SAFETY

Your Company has continued the implementation of HSE management systems under the guiding principles of declared 'Health and Safety Policy' and 'Environmental Policy'. Your Company's Occupational Health and Safety Management System established has been certified in accordance with OHSAS 18001 Specification by BVQI during September 2003. Both the Environmental Management System and Occupational Health and Safety Management Systems are continued to be maintained as per ISO 14001 standard and OHSAS 18001 Specification respectively. In order to monitor the HSE performance of the various departments, a system of HSE performance index has been developed and implemented since June 2003. The Company has completed 1354 accident free days as on June 30, 2004.

7. DIRECTORS

Shri S. J. Taparua, Shri M. P. Taparua, and Shri Hasumukh Shah, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. A brief resume of the Directors eligible for re-appointment is given in the report on Corporate Governance.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm that:

- (i) in the preparation of the annual accounts, applicable accounting standards have been followed, with proper disclosure of any departures;
- (ii) the accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- (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;
- (iv) that the Directors have prepared the accounts on a going concern basis.

9. CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with the stock exchanges, your Company has implemented Corporate Governance practices during the year. A separate section titled corporate governance has been included in this annual report. The compliance of "Corporate Governance" conditions has also been certified by the Auditors and the same is annexed to the report on Corporate Governance.

10. TRANSFERS TO INVESTOR EDUCATION & PROTECTION FUND

Your Company has transferred the application monies received for its PCD issue in 1994 due for refund and the interest on non-convertible debentures for the years 1995, 1996 and 1997 to the Investor Education & Protection Fund. In the aggregate an amount of Rs. 31.53 lacs has been transferred till date.

The unclaimed interest on debentures paid on January 1, 1998 will be due for transfer to the fund on February 1, 2005. Investors who have not yet claimed interest amount are requested to contact the Secretarial Department of the Company.

11. FIXED DEPOSIT SCHEME

The outstanding fixed deposits as on 30.06.2004 were Rs.514.70 lacs. There were fortyseven due but unclaimed deposits aggregating Rs.7.63 lacs out of which seventeen deposits aggregating Rs.2.03 lacs have been paid as on the date of this report. There are no claimed and unpaid deposits.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information as per Section 217(1)(e) of the Companies Act, 1956 read together with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is Annexed hereto forming part of this report.

13. PERSONNEL

Excellent relations were maintained throughout the year. The Directors place on record their appreciation of the continuous efforts put in by all the employees to consolidate and improve the operations of your Company.

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 employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 the Report and the Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Registered Office of the Company.

14. AUDITORS

The retiring auditors M/s. Parikh & Shah, Chartered Accountants having furnished the necessary certificate u/s. 224(1-B) of the Companies Act, 1956 are eligible for re-appointment.

The members are requested to re-appoint the auditors. There are no qualifications or adverse remarks in the auditors report.

15. DELISTING OF SECURITIES

Pursuant to the resolution passed by the members in the last Annual General Meeting the Company applied for delisting of its securities from the Stock Exchanges at Ahmedabad, Delhi and Kolkata. The Stock Exchanges at Ahmedabad and Delhi have confirmed the delisting. Confirmation from Kolkata Stock Exchange is awaited.

16. ACKNOWLEDGEMENT

The Directors take this opportunity to thank Banks and Financial Institutions, for their guidance and support. The Directors are also thankful to Suppliers, Customers and other Business Associates for their continued co-operation and support extended to your Company.

For and behalf of the Board

M. P. TAPARIA
Chairman

Place : Mumbai
Date : July 28, 2004

ANNEXURE I TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES DISCLOSURE OF PARTICULARS IN THE REPORT OF THE (BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 30, 2004.

A. CONSERVATION OF ENERGY

Energy conservation features are in built in the plant as reported in the previous years, and the impact of the same will be seen with full capacity utilisation.

B. TECHNOLOGY ABSORPTION

A broad range of speciality Polystyrene grades (Flame Retardant/Toughened Polystyrene/Custom Coloured Polystyrene etc.) have been successfully launched. Very high gloss/high impact grades have been introduced. The above grades are well received in the domestic/export markets. The range of grades is being further widened with alloys and blends.

ANNEXURE**FORM A**

Form for disclosure of particulars with respect to conservation of energy.

A. Power and fuel consumption

		Current Year
		July 01, 2003 to June 30, 2004
1. Electricity		
(a) Purchased		
Units (KWH)		30021000
Total amount (Rs. Lacs)		1015.51
Rate/unit (Rs.)		3.38
(b) Own Generation		
Through diesel generator		
Unit (KWH)		242268
Unit per ltr. of diesel oil		3.17
Cost/Unit		7.12
2. Furnace Oil		
Quantity (MT)		1745.099
Total amount (Rs. Lacs)		183.79
Average rate (Rs. per Kg.)		10.53
3. Other/internal generation – P S Purge		
Quantity (MT)		435.439
Total cost		-
Rate per unit		-

B. Consumption per unit of production

	Current Year	Previous Year
Product (POLYSTYRENE) (MT)	**177516	**138779
Electricity (KWH/MT)	**169.12	**186.27
Furnace Oil (Kgs/MT)	10.10	11.07
Others - P. S. Purge (Kgs/MT)	2.52	2.00

** Including Speciality Polystyrene

For and on behalf of the Board

M. P. TAPARIA
Chairman

Place : Mumbai

Date : July 28, 2004



MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

The world economy witnessed synchronized growth in the year under review, after several years, boosting energy demand. Supply side of crude was in severe turbulence due to Iraq war and off and on production disruptions in oil producing regions of the world. This has kept crude prices higher by around US\$ 10 per barrel for the year.

High crude prices have set up a chain reaction pushing up prices of building blocks resulting in high Polystyrene prices. Highly price sensitive sectors like beads, bangles, houseware etc. reduced their off take in a high Polystyrene price market thereby curtailing growth of the Polystyrene market. However due to strong economic growth with GDP of 8.2%, the demand from other sectors for PS nullified the impact of low demand from price sensitive segments. The availability and price of Styrene Monomer, the main raw material for PS, has become an area of concern due to high crude prices and no near term prospects of completion of new SM facilities in the world.

It is a matter of great satisfaction that in this scenario your Company showed satisfactory performance and wiped off carried forward losses and earned profits adequate to declare a maiden dividend on equity shares. Growing exports helped in improving the performance of your Company. Satisfactory performance under these trying circumstances reflects the competitiveness of your Company's operations. Your Company's product quality, pricing policy and customer support continues to ensure that imports of Polystyrene into India are at marginal level only. With exports growing more than 25%, your Company is eligible for duty credit equivalent to 10% of incremental growth. Your Company has a healthy presence in international markets and its thrust to expand in international markets continues.

MARKET

(a) International Market

Due to continued high prices of Polystyrene throughout the world, the growth in Polystyrene demand in developed countries was not very encouraging. However, Chinese market was the bright spot as it was responsible for raising the volume of world market in 2003. A strong world GDP growth at close to 4 percent is expected in 2004 - 05. This augurs very well for your Company's exports.

(b) Domestic Market

Polystyrene demand for the year 2003-04 (July-June) did not show any significant growth due to continued depressed performance of Audio Cassette industry as well as household articles and price sensitive segment. The loss in Polystyrene business in these segments was compensated largely by appliance and television industry which made inroads in rural/semi-urban markets apart from modest export efforts commenced by them. Growth in the food service-ware segment has been encouraging. Continuing efforts are being made by the industry to further

improve consumption of Polystyrene in this segment. The wide gap between Indian and global per capita consumption signals significant growth opportunities for Indian Polystyrene industry. As India moves towards a more consumer based economy, Polystyrene usage should increase.

The anomaly in rates prevalent for duty drawback in respect of articles made of Polystyrene still persists despite your Company pursuing its efforts with concerned government authorities for correction of this anomaly.

OPERATIONS

Focus on increased productivity continued during the year under review. This ongoing process involves lowering costs by increasing efficiencies across all major activities like production, logistics, purchase, distribution etc. This unremitting vigil has enabled your Company's improved performance in a stagnant market.

Production increased to 1.78 lac tons while the total sales increased to 1.82 lac tons including sale of Specialty PS, sale to EOU's and Export.

Margins continued to be under pressure due to large surplus capacity and negligible demand growth in the domestic market.

The supply/demand balance for Styrene Monomer the main raw material for Polystyrene is expected to remain tight during the coming year. Softer Styrene Monomer prices are expected only from latter part of 2005 based on current Styrene Monomer projects in pipeline. Lower Styrene Monomer price should give a boost to Polystyrene demand.

In consonance with its policy of concentrating on value added products, your Company added a number of new products/grades of Specialty Polystyrene to its existing portfolio. These include glossy ESCR for refrigerators, high gloss and high flow flame retardant grades for electrical and electronic parts.

The debt profile was restructured during the year bringing down interest cost from Rs.2591 lacs to Rs.1708 lacs. The infusion of Rs.1200 lacs by the Promoters has also contributed to the reduction in costs.

Your Company continues to be a major exporter of Polystyrene and has increased its presence in the international market. Your Company participated in trade fairs in India, USA and Germany to showcase its technical capabilities and to expand its customer base.

Your Directors are pleased to report that the projects for construction of the minor port and shore tanks is progressing apace. The Maharashtra Maritime Board (MMB) has signed the agreement to sublease the waterfront required for the port.

OUTLOOK

The outlook for margins and profitability for Polystyrene business is dependant on the overall global economic outlook, the global demand supply scenario and trend in Styrene Monomer and Polystyrene prices. The healthy growth of the Indian economy augurs well for the domestic Polystyrene industry as Polystyrene is a lifestyle product. Demand is intimately connected to GDP growth.

The proposed expansion of Polystyrene capacity and the



construction of the minor port should help in bringing down cost per ton of Polystyrene which combined with technical superiority should make your Company's products more competitive in the international market. Sustained firmness in the price of the building block Styrene Monomer, may have an adverse impact on demand growth, margins and profitability.

OPPORTUNITIES

Your Company's global competitiveness is expected to improve further with the completion of its capital expenditure programmes, as mentioned above. Strong world GDP growth in coming years provides very good opportunity to make further inroads in the global markets. Future growth is foreseen in speciality grades of Polystyrene and compounded speciality Polystyrene, for which your Company is well placed with its existing product range and inhouse development activities. Concentration on such value added grades will continue.

RISKS AND CONCERNS

PS is an internationally traded commodity and its prices are subjected to global market forces, demand and supply and other factors that influence price volatility. The Company is exposed to risk of price fluctuations on raw materials as well as finished products. Any adverse movements may have an impact on Company's performance. However, these risks are minimised with the efficient inventory management system, inbuilt flexibility in the raw material procurement contracts and increased sale of speciality grades.

Since the pricing of finished products of your Company have a relationship with the building block prices prevalent in the international market, any significant fall in the price of building block on a sustained basis may reflect a drop in top line of the Company.

The fears of a deficient monsoon are a cause of concern as it would lead to reduced demand for consumer durable items and appliances in turn shrinking the domestic Polystyrene market.

Foreign Exchange rate volatility has an impact on the business of the Company and on foreign currency debt carried in its books. However, since the selling price of products is linked to the landed cost of imported products, this risk is minimised. Further, your Company's export revenues also provide cover to meet interest and repayment obligations in respect of foreign currency loans.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company, as reported earlier, has adopted an Internal Control Manual which lays down the policies and procedures for each major activity within the Company together with the authority levels along the organisational hierarchy.

Internal audit function has been outsourced to an independent firm of Chartered Accountants who submit quarterly reports to the Board. The Audit Committee of Directors, reviews the report of the Internal Auditors and recommends steps to be taken to tighten up internal controls. Your Company has also appointed outside specialists to conduct technical audit of indirect tax function to ensure compliance with the provisions of the relevant statutes.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

Human resources are the strength of your Company. Your Company has a team of qualified and dedicated personnel who have contributed to the consolidation of the operations of your Company. The core team has been with your Company since inception and have ensured timely completion of the various projects undertaken by the Company. Your Company's industrial relations continued to be harmonious during the year under review.

To maintain high level of motivation and leadership development, the training of the employees is an ongoing process. Your Company's operations during the year under report were accident free. This is possible due to extensive training, standard operating procedures, safety audit, hazop studies, safety checks and controls planned at every stage of operations.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, estimates, expectations or projections may constitute "forward looking statements", within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied in the statements. Important factors that could make a difference to your Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws and other statutes and other incidental factors.



CORPORATE GOVERNANCE

PHILOSOPHY OF THE COMPANY ON CORPORATE GOVERNANCE:

Your Company is fully committed to the principles of transparency, integrity and accountability and has been practicing the principles of good corporate governance over the years. Good governance ensures adoption of best business practices and accountability of the persons in-charge of the Company's operations. Your Directors fully endorse and support the Corporate Governance practices in accordance with the provisions of the listing agreement.

1. BOARD OF DIRECTORS:

Composition and Category:

The Board of Directors comprised of 9 members as on June 30, 2004. The Directors bring to the Board a wide range of experience and skills

Name of the Director	Category	No. of outside Directorship		No. of Committees Chairpersonship/ Membership held	
		Public	Private	Chairperson	Member
M. P. Taparia	Non-Executive - Promoter / Chairman	3	3	1	0
Rajan B. Raheja	Non-Executive - Promoter	11	49	2	5
A. H. Parpia	Non-Executive - Independent	3	4	1	2
B. L. Taparia	Non-Executive - Promoter	2	2	-	-
S. J. Taparia	Non-Executive - Promoter	3	2	-	4
Satish.B. Raheja	Non-Executive - Promoter	3	43	-	1
Hasmukh Shah	Non-Executive - Independent	10	-	4	2
Manoj Chhabra	Non-Executive - Alternate Director to Satish B. Raheja	1	-	-	3
N. Chandar	IDBI Nominee - Independent	-	-	-	-
S. C. Bhatia	ICICI Nominee - Independent	4	-	-	6

During the year under review the board met on six occasions i.e. on July 23, 2003; September 16, 2003; October 20, 2003; November 19, 2003; January 22, 2004 and April 29, 2004.

The attendance of each Director at the Board Meetings during the year under review and at the last Annual General Meeting is listed below:

Name of the Director	Category	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the Last AGM
M. P. Taparia	Non-Executive - Promoter/ Chairman	6	6	Yes
Rajan B. Raheja	Non-Executive - Promoter	6	5	Yes
A. H. Parpia	Non-Executive - Independent	6	5	Yes
B. L. Taparia	Non-Executive - Promoter	6	6	Yes
S. J. Taparia	Non-Executive - Promoter	6	6	Yes
Satish.B. Raheja	Non-Executive - Promoter	6	Nil	No
Hasmukh Shah	Non-Executive - Independent	6	5	Yes
Manoj Chhabra	Non-Executive - Alternate Director to Satish B. Raheja	6	2	No
N. Chandar	IDBI Nominee - Independent	6	6	Yes
S. C. Bhatia	ICICI Nominee - Independent	6	5	Yes