

ANNUAL REPORT
2003 - 2004



XIL **XPRO INDIA LIMITED**

XPRO INDIA LIMITED : ANNUAL REPORT 2003-04

Board of Directors

Sri Sidharth Birla

Chairman

Smt. Madhushree Birla

Sri Amitabha Ghosh

Sri Haigreve Khaitan

Sri P. Murari

Sri Utsav Parekh

Sri S. Ragothaman

Sri C. Bhaskar

Executive Director & Chief Operating Officer

Company Secretary

Sri S.C. Jain

Unit Heads

Sri H. Bakshi

Joint President, Biax Division

Sri Manmohan Krishan

Executive Vice President, Coex Division

Sri Anil Jain

Vice President, Thermosets Division

Sri U. K. Saraf

Vice President, Thermoforming Unit

Registered Office & Biax Division

Barjora-Mejia Road,

P.O. Ghutgoria, Tehsil : Barjora,

Distt : Bankura 722 202, West Bengal

Biax Division Unit II

78, Industrial Area Phase III,

Pithampur 454 774, Madhya Pradesh

Coex Division

3, Industrial Area, NIT,

Faridabad 121 001, Haryana

Corporate Office

1, Industrial Area, NIT,

Faridabad 121 001, Haryana

Thermoforming Unit

32, Udyog Vihar, Greater Noida,

Gautam Budh Nagar 201 306, Uttar Pradesh

Thermosets Division

Poisar Bridge, Kandivili (West),

Mumbai 400 067, Maharashtra

Registrars & Share Transfer Agents

MCS Limited, Sri Venkatesh Bhavan,

W-40, Okhla Industrial Area Phase II, New Delhi 110 020

Auditors

M/s Lodha & Co., New Delhi

XPRO INDIA LIMITED : ANNUAL REPORT 2003-04**NOTICE****TO THE SHAREHOLDERS**

Notice is hereby given that the Seventh Annual General Meeting of the Members of Xpro India Limited will be held at the Registered Office of the Company at Barjora-Mejia Road, P.O. Ghutgoria, Tehsil: Barjora, Distt.: Bankura, West Bengal 722 202 on Friday, July 23, 2004 at 10.30 a.m. to transact the following business:

1. To consider and adopt the Directors' Report and audited Balance Sheet and Profit & Loss Account as at and for the year ended March 31, 2004.
2. To declare Dividend on Equity Shares.
3. To appoint Directors in place of Sri Amitabha Ghosh & Sri S Ragothaman who retire by rotation and being eligible, offer themselves for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification the following Resolution:

5. AS AN ORDINARY RESOLUTION

"RESOLVED that Smt. Madhushree Birla, a Director of the Company, who holds office upto the date of this Annual General Meeting under Article 137 of the Articles of Association of the Company, be and is hereby reappointed a Director of the Company, liable to retire by rotation."

Registered Office :

Barjora-Mejia Road, P.O. Ghutgoria
Tehsil: Barjora, Distt.: Bankura
West Bengal 722 202

By Order of the Board

April 23, 2004

S.C. JAIN
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy Form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
3. The Register of Members of the Company will remain closed from July 1, 2004 to July 23, 2004 (both days inclusive).
4. Dividend on Equity Shares declared at the Annual General Meeting will be paid to those Shareholders, whose names appear on the Register of Members of the Company or whose names appear as the beneficial owner(s) of the equity shares of the Company at the close of working hours on June 30, 2004 and the Dividend Warrants will be posted on or before August 20, 2004.
5. Members who continue to hold shares in physical form are requested to intimate any changes in their address immediately with postal pin code to the Company's Registrars & Share Transfer Agents, MCS Ltd., Sri Venkatesh Bhavan, W-40, Okhla Industrial Area Phase II, New Delhi - 110 020 quoting their folio numbers.
Further, please note that in the case of demat shares, any change(s) required in Address, Bank details, Bank Mandate, ECS Mandate, Power of Attorney and also requests for registration of Nomination, Transmission, etc., are to be intimated to your DP and not to the Company or our Registrars.
6. Members holding shares in the same name(s) but under different Ledger Folios, are requested to apply for consolidation of such folios and send the relevant Share Certificates to the Company's Registrar and Share Transfer Agents at New Delhi as stated in Note No.5 above for endorsement of the consolidated folio number.
7. EXPLANATORY STATEMENT
(PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956/ SEBI CODE FOR CORPORATE GOVERNANCE)

Item No. 3.

- i. Sri Amitabha Ghosh, aged 66 years, is a Chartered Accountant and Fellow, Indian Institute of Bankers having expertise in finance and banking spanning over five decades. He has been Chairman & Managing Director of Allahabad Bank and Dy. Governor of Reserve Bank of India. He was also Chairman of RBI

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Services Board and Deposit Insurance and Credit Guarantee Corporation and member of the Board of IDBI, Exim Bank, IRBI, National Institute of Bank Management and Institute of Banking Personnel Relations

Sri Ghosh is presently Director on the Boards of Kesoram Industries Ltd., Orient Paper & Industries. Ltd., Associated Cement Companies Ltd., Assam Brooke Ltd., Piramal Holdings Ltd., Palit Consultancy Pvt. Ltd., Centenary Leasing Co. Pvt. Ltd., Sahara India Life Insurance Corpn. Ltd., Nicco Corporation Ltd., Mysore Cements Ltd., Sahara India Financial Corporation Ltd., Zenith Fibres Ltd. & The Morarjee Goculdas Spinning & Weaving Co. Ltd.

Sri Ghosh is Chairman of Audit Committee & Member of Investment & Loans Committee of Sahara India Financial Corpn. Ltd., Chairman of Audit Committee & Member of Remuneration Committee of Sahara India Life Insurance Co. Ltd., Chairman of Audit Committee of Orient Paper & Industries Ltd. & The Morarjee Goculdas Spinning & Weaving Co. Ltd. and Member of Audit Committee of Kesoram Industries Ltd., and Nicco Corporation Ltd., besides being Member of Remuneration & Nomination Committee of our Company.

Except Sri Amitabha Ghosh, no other Director is interested in the resolution.

- ii. Sri S. Ragothaman, aged 58 years, is a Commerce Graduate and Chartered Accountant. He is presently a self-employed professional and was formerly a senior official of ICICI Ltd. He has to his credit vast experience of over 31 years in the field of Finance.

He is presently Director on the Boards of Ennore Foundries Ltd. & Bombay Dyeing & Manufacturing Co. Ltd.

Sri Ragothaman is Chairman of Remuneration Committee and Share Transfer & Shareholders/Investors Grievance Committee & Member of Audit Committee of Ennore Foundries Ltd. and Member of Audit Committee & Remuneration Committee of Bombay Dyeing & Mfg. Co. Ltd. besides being Chairman of Audit Committee of our Company.

Except Sri S. Ragothaman, no other Director is interested in the resolution.

Item No. 5.

Smt. Madhushree Birla, aged about 49 years, graduated from University of Ahmedabad was appointed, as recommended by the Remuneration & Nomination Committee, as an Additional Director of the Company and will hold Office until the conclusion of the ensuing Annual General Meeting of the Company and is eligible for re-appointment. Smt. Birla has served as Director of various Corporate Bodies at different times. She is presently an Advisor to a Marble Mining Company and also engaged in social work. She does not, at present, hold any other Board Membership.

The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member along with a deposit of Rs.500/-, signifying his intention to propose at the ensuing Annual General Meeting, the appointment of Smt. Madhushree Birla as a Director of the Company and for that purpose, to move a resolution as mentioned in the notice.

It is considered that it would be in the interests of the Company to appoint Smt. Madhushree Birla as a Director of the Company in view of her working knowledge and experience.

Except Sri Sidharth Birla and Smt. Madhushree Birla, who are related, no other Director is interested in the resolution.

Registered Office :

Barjora-Mejia Road, P.O. Ghutgoria
Tehsil: Barjora, Distt.: Bankura
West Bengal 722 202

April 23, 2004

By Order of the Board

S.C. JAIN
Company Secretary

XPRO INDIA LIMITED : ANNUAL REPORT 2003-04**REPORT OF THE DIRECTORS
TO THE SHAREHOLDERS**

We have pleasure in presenting the Seventh Annual Report of your Company along with the Audited Accounts for the year ended March 31, 2004.

Financial Results

The Company disposed of its textile/yarn business during the year, as described below in more detail. In light thereof, as well as of other exceptional items, the financial results have been depicted below in a manner that may facilitate a better understanding.

	March 31, 2004		(Rs. lacs) March 31, 2003	
Continuing Businesses yielded a				
Profit before Depreciation and Tax of	1,344.49		1,315.64	
less : Depreciation	<u>613.13</u>	731.36	<u>456.15</u>	859.49
Business sold during the year yielded a				
Profit/(Loss) before Depreciation and Tax of	(67.46)		55.13	
less : Depreciation	<u>93.59</u>	(161.05)	<u>159.63</u>	(104.50)
add : Exceptional Items (net)		<u>804.62</u>		-
Profit before Tax, as per Profit & Loss Account		1,374.93		754.99
less : Provisions for				
- Income Tax		112.00		94.00
- Deferred Tax		(102.00)		140.00
- Tax pertaining to earlier years		(6.70)		-
Profit after Tax		<u>1,371.63</u>		<u>520.99</u>
add : Surplus brought forward		<u>1,552.31</u>		<u>1,205.48</u>
Balance available for appropriation		2,923.94		1,726.47
Which is appropriated as:				
- General Reserve		145.76		50.00
- Proposed Dividend		151.13		110.06
- Proposed one-time Special Dividend		151.13		-
- Dividend Tax		38.72		14.10
- Surplus carried forward		<u>2,437.20</u>		<u>1,552.31</u>
		<u>2,923.94</u>		<u>1,726.47</u>

Subsequent to approval of the shareholders and relevant authorities and compliance with relevant guidelines of SEBI, a sum of Rs.86.74 lacs standing to the credit of Securities Premium account plus Rs.145.76 lacs being a portion of the General Reserves were capitalised and applied towards issue of Bonus shares in the proportion of 3 Equity shares for every 10 Equity shares held on the record date and the requisite 23,25,000 new Equity shares were issued on March 15, 2004.

We recommend for your approval a Dividend of Rs.1.50 per Share (including on Bonus shares). Also, following completion of the various initiatives described herein and in view of exceptional income earned, in the interests of enhancing shareholder value while retaining sufficient resources in the Company we recommend for your approval an additional one-time Special Dividend of Rs.1.50 per share; for the sake of good order we mention that the aggregate dividend is wholly covered by net profits earned from operations during the year.

Review of Key Business Matters

The year witnessed some significant steps taken by the Company, which were also satisfactorily completed in the year itself. As approved by shareholders during the year the 100% EOU for Cotton Yarn located at Solapur was sold w.e.f. October 21, 2003. The Company also acquired a running BOPP Film plant located in Pithampur (M.P.) on September 29, 2003 and synergised it with the existing business of Biax Division; the unit has been named "Unit II" of Biax Division and the operating performance and product quality have been satisfactory under the Company's high standards.

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Besides rationalising the product/activity portfolio of the Company in line with its core competency, these various steps have resulted in improved overall financial indicators and liquidity. As evident from the Balance Sheet the inventories at year end have reduced by 47.7%, working capital borrowings are lower by about 50.3%, with consequent improvement in operating and financial ratios. In this backdrop it was also possible for the Company to raise fresh debt at a lower cost and repay some higher cost borrowings. It was a matter of satisfaction that, even before the said disposal and its consequent effects, the Company had been awarded fairly healthy ratings and a stable outlook by Fitch Credit Ratings. The Company does not have any borrowings through Fixed Deposits, Debentures or from the Financial Institutions.

Overall Sales value was higher by about 4.1% at Rs.181.31 Crores. However volumes were higher by around 14.9% in the polymers business area and 3.2% for cotton yarn (on annualised basis). Operations during the year in respect of continuing businesses were generally satisfactory as also reflected in financial results. Though cash earnings from continuing businesses were higher, price pressures in almost all sectors pushed down post-depreciation profits. These results were achieved despite difficult market conditions prevailing in both of the Company's Film segments (BOPP and Cast Film) due to creation of significant additional capacities. It bears mentioning that while competing Films such as PET have exhibited very good profits, industry profits for BOPP have fallen during the year. Proactive steps have been taken by the management to protect market standing and competitive edge including through consistent marketing and development, productivity improvements, besides cost and financial discipline. A lot of uncertainty continues in raw material prices which continue to exhibit rising trends despite a stronger Rupee against the US Dollar in recent months.

The White Good's industry in the country, particularly Refrigerators, has witnessed remarkable growth in past months and the sector is a significant client base for the Company. Sales were perforce restricted by available capacity during the peak season. Many alternatives have been considered and actions taken for enhancement of capacity to service market share; necessary steps have been and continue to be taken. As a result of this growth, the new Thermoforming Unit which is a part of the Coex Division also exhibited healthy performance.

With a view to developing a growth centre in the Western zone, besides the need to preserve and improve competitiveness in its Thermoset business (in the face of high operating costs and octroi and other imposts in the metro Mumbai area) the Company has acquired sufficient land at a well developed industrial estate near Pune, where Thermoset operations can be relocated and other growth opportunities can also be pursued. In light of such strategic considerations, the Company also entered into an appropriate Agreement to develop the Company's property in Kandivili, Mumbai with M/s Hiranandani Constructions Private Limited, builders of high repute. The said Agreement and the significant foreseen consequential outgoing amounts have been provided as a part of the exceptional items in the Accounts. Further the Depreciation method consistently followed for the cotton yarn unit resulted in a loss compared to book value on its sale (indicated along with results for the quarter ended September 30, 2003); this loss has also been included in the exceptional items.

Competitive pressures across all the business sectors of the Company are continuing despite healthy volume growth indicators and input prices are volatile. Thus at the time of this Report when the financial year has just begun (with the elections, monsoons and the annual budget all yet due) the Board expresses confidence with an appropriate note of prudence, for the forthcoming period. The detailed Management Discussion & Analysis Report is annexed hereto and thus detailing and repetitions have been avoided here.

Statutory Information and Other Matters

Information as per requirements of the Companies Act, 1956, our report on Corporate Governance and the Management Discussion & Analysis Report form a part of this Report and are annexed hereto. The audited Accounts and Directors' Report for the year ended March 31, 2004 for wholly owned subsidiaries Xpro Global Limited and Diamond Realty Limited are also annexed hereto. The consolidated accounts are also submitted herewith, as required. Relations with employees were generally cordial and we record our appreciation of the contributions made by committed employees during the year.

Consequent to prepayment of the term loan availed of from ICICI Bank Limited, the nomination of Sri Debneel Mukherjee as Director was withdrawn by them w.e.f. October 16, 2003. The Board places on record its appreciation for the valuable guidance and services provided by Sri Debneel Mukherjee during his tenure as Director. During the year upon the recommendation of the Remuneration & Nomination Committee, Smt. Madhushree Birla was appointed as an Additional Director; she holds office until the conclusion of the ensuing

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Annual General Meeting and is eligible for re-appointment. Sri Amitabha Ghosh and Sri S. Ragothaman retire by rotation and, being eligible, offer themselves for reappointment.

The observations of the Auditors are in the nature of general disclosures which read together with the accounting policies and the relevant notes to the accounts are self-explanatory.

As per our governance practices the management's statement on the integrity and fair presentation of financial statements is provided to the Board as an integral part of the accounts approval process. However, as per Section 217(2AA) of the Companies Act the Directors indicate that they have taken reasonable and bonafide care (a) that in the preparation of the annual accounts the applicable accounting standards had been followed and proper explanations relating to material departures, if any, have been furnished; (b) that such accounting policies were selected and applied consistently and judgements and estimates that are reasonable and prudent 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 and of the profit of the Company for the period; (c) that proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with provisions of the Companies Act for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities; and (d) that these accounts have been prepared on a Going Concern basis.

M/s Lodha & Co., Chartered Accountants, New Delhi, retire as Auditors and being eligible offer themselves for reappointment.

We place on record our sincere appreciation of the valuable cooperation and support received at all times by the Company from all its Bankers, particularly State Bank of India - the lead bank - and its associates, and all concerned Government and other authorities.

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For and on behalf of the Board

New Delhi
April 23, 2004

Sidharth Birla
Chairman

Report of the Directors on Corporate Governance

The Board has adopted and is committed to adopting its obligations under relevant regulations and laws, as well as any relevant best practices relating to corporate governance. The Board believes that good governance is voluntary and self-disciplining with the strongest impetus coming from Directors and the management itself, and ultimately leads to enhancement of value for all stakeholders. The management and organisation at Xpro India Limited aims to be progressive, competent and trustworthy creating and enhancing value for stakeholders and customers, while reflecting and respecting the best of Indian values in conduct. The Board lays significant emphasis on integrity, transparency and accountability.

The Board of Directors**Composition**

The Board consists of 8 Directors, of whom 7 are non-executive. As a policy the identities, positions, duties and responsibilities of the Chairman and Chief Executive are kept separate and suitably defined. Accordingly the Chairman's position, even where whole-time, is non-executive and his role is specified by the Board and does not cover routine managerial responsibilities. The management of the Company is vested in executive Director(s) appointed for the purpose, subject to the general supervision, control and direction of the Board. Sri C. Bhaskar has been appointed Executive Director & Chief Operating Officer (currently also discharging the duties and responsibilities of the Chief Executive Officer); he heads the management team, holds operational responsibility for day-to-day activities of the Company, has been entrusted with ensuring that all management functions are carried out professionally, and is accountable to the Board for actions and results.

With a clear demarcation of responsibilities at the top levels, regulations require that 3 Directors or 1/3rd of the Board (whichever is more) should be independent. As per our code of best practices an independent Director will be one who has not been employed in an executive capacity by the Company at any time during the past 3 years, is not retained (either personally or through his firm) by the Company on a basis materially significant for himself/his firm, is not and has not been at any time during the past 3 years (either personally or through his firm) a materially significant customer of or a supplier to the Company, has not been appointed as a result of a relationship with any Board member and has been invited to join it via a process in which all Directors have had the opportunity to participate. Our Board has 5 independent Directors (which constitutes a majority) viz. Sri Amitabha Ghosh (formerly a Banker and Deputy Governor of Reserve Bank of India), Sri Haigrove Khaitan (Advocate), Sri P. Murari (IAS (retired), formerly Secretary to the Govt. of India), Sri Utsav Parekh (Merchant Banker) and Sri S. Ragothaman (self-employed professional, formerly senior officer at ICICI). Sri Sidharth Birla and Smt. Madhushree Birla (joined the Board on January 21, 2004) represent promoters. Sri C. Bhaskar is the only executive Director. There are no nominee Directors; the nomination of Sri Debneel Mukherjee was withdrawn w.e.f. October 16, 2003. Sri Sidharth Birla and Smt. Madhushree Birla are related to each other and none of the other Directors are related to each other or to promoters.

The independent Directors play an important role in deliberations at the Board level, bring with them their extensive experience in various fields including banking, finance, law, administration and policy, and contribute significantly to Board committees. Their independent role vis-à-vis the Company implies that they have a distinct contribution to make by adding a broader perspective, by ensuring that the interests of all stakeholders are kept in acceptable balance and also in providing an objective view in any potential conflict of interest between stakeholders. To review the functioning and effectiveness of the Board, the Chairman and non-executive Directors review the same, and the attendance record of all Directors, every year.

As required by law, the appointment(s) and remuneration(s) of any executive Directors, and remuneration of the Chairman (if whole-time) requires the approval of shareholders; such approvals are for a period of not more than 5 years and, when eligible, they can be re-appointed at the end of the term. 1/3rd of other Directors retire every year and, when eligible, qualify for re-appointment. Nominees of Financial Institutions do not usually retire by rotation. The Board has chosen not to, in the usual course, propose appointment or re-appointment of a Director or Executive Director who has completed 75 & 65 years of age respectively. Specified details are provided in the notice for appointment or re-appointment of a Director.

Details of all Directors are given below by category, attendance, total directorships and memberships and chairmanships of Board committees.

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Director / Category	Attendance	B/C/Ch	Sitting Fees (Rs.)	Commission (Rs.)
<u>Independent Directors</u>				
Sri Amitabha Ghosh	8 / 9	12 / 4 / 4	50,000	1,56,000
Sri Haigreve Khaitan	2 / 9	14 / 7 / -	15,000	39,000
Sri P. Murari	9 / 9	11 / 7 / 2	75,000	1,82,000
Sri Utsav Parekh	4 / 9	11 / 5 / 1	50,000	78,000
Sri S. Ragothaman	8 / 9	3 / 4 / 2	60,000	1,56,000
<u>Representing Promoters</u>				
Sri Sidharth Birla	9 / 9	7 / 1 / -	Nil	Nil
Smt. Madhushree Birla (w.e.f. January 21, 2004)	2 / 2	1 / - / -	10,000	39,000
<u>Nominee Director</u>				
Sri Debneel Mukherjee (until October 16, 2003)	1 / 5	N.A.	5,000	Nil
<u>Executive Director</u>				
Sri C. Bhaskar	9 / 9	2 / 1 / -	Nil	*

1. Attendance relates to relevant Board meetings in year under review. Sitting fees includes for committees.

2. B = Directorships (excluding private limited companies and alternate directorships), C/Ch = Membership/Chairmanship of relevant (SEBI specified) committees.

3. * indicates included in remuneration given in Notes on Accounts.

Responsibilities

The Board's fundamental concentration is on strategic issues and approval, policy and control, and delegation of powers. The Board has specified a schedule of major matters (covering those required under law or the SEBI code) that are reserved for its consideration and decision, besides review of corporate performance and reporting to shareholders. The respective roles of the Board and management are clearly demarcated. The management is required to (a) provide necessary inputs and basis to support the Board in its decision making process in respect of the company's strategy, policies, targets and code of conduct; (b) manage day-to-day affairs of the company to best achieve targets and goals approved by the Board; (c) implement all policies and the code of conduct, as approved by the Board; (d) provide timely, accurate, substantive and all material information, including on all financial matters and exceptions, if any, to the Board and/or its committees; (e) be responsible for ensuring faithful compliance with all applicable laws and regulations; and (f) implement sound, effective internal control systems. The Board requires the organisation to endeavour to conduct business and develop relationships in a responsible, dignified and honest way. To establish a policy framework to promote this spirit a Code of Conduct for employees has been instituted.

Board Meetings and Committees

Board meetings are normally held at Company offices, including at plants, and are typically scheduled about a month in advance. The Board meets at least once a quarter to, *inter-alia*, review all relevant matters and take on record quarterly financial results. Agenda for meetings are prepared by the Secretary in consultation with the Chairman and papers are circulated to all Directors in advance. Directors have access to the Secretary's support and all information of the Company and are free to suggest inclusion of any matter in the Agenda. Senior officers are called to provide clarifications or presentations whenever required. In the year under review the Board met 9 times on April 24, July 4, July 22, August 18, September 15, October 27, December 15, 2003 and January 21, March 26, 2004. To enable fuller attention to all relevant affairs, the Board delegates specified matters to its committees which report to the Board. However no matter which under law or the Articles may not be delegated by the Board or requires its explicit approval is left to the final decision of any committee.

Audit Committee

The terms of reference of the Audit committee, as specified by the Board in writing, includes the whole as specified in the SEBI code and the Companies Act, 1956, including review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The committee members are all independent Directors collectively having requisite knowledge of finance, accounts and company law. The committee recommends the appointment of external auditors and their fees and payments and also takes an overview of the financial reporting process to ensure that financial statements are correct, sufficient and credible. The reports of the statutory as well as the internal

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auditors are reviewed, along with management comments and action-taken reports. The committee has explicit authority to investigate any matter within its terms of reference and has full access to the information, resources and external professional advice which it may need.

The committee comprises Sri S. Ragothaman (as its Chairman), Sri Utsav Parekh and Sri P. Murari, and is mandated to meet at least four times in a year; to assess the final audited accounts and to review each quarter the limited audit reports before they are put up to the Board. The committee met on April 24, July 22, October 27, 2003 and January 21, 2004, with all meetings attended by all members.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee comprises of all non-executive and a majority of independent Directors. The committee makes recommendations to the Board on filling up Board vacancies that may arise from time to time or on induction of further Directors to strengthen the Board. During the year the Independent Directors on the Committee decided to recommend the name of Smt. Madhushree Birla as a Director (who would be recognised as representing the Promoters) w.e.f. January 21, 2004. The committee is fully enabled to ensure that non-executive Directors make decisions on remuneration and progression of executive Directors and is also able to assess the same for senior officers; any compensation of the Chairman and other non-executive Directors are a subject only for the whole Board.

The committee comprises of Sri P. Murari, (as its Chairman), Sri Sidharth Birla, Sri Amitabha Ghosh and Sri Utsav Parekh. (Sri Debnal Mukherjee was member of the Committee till October 16, 2003). During the year the committee met on April 24, 2003 and January 21, 2004 attended by Sri P. Murari, Sri Sidharth Birla, Sri Amitabha Ghosh and Sri Utsav Parekh.

All Directors other than the Chairman and any executive Director are paid sitting fees for each meeting of the Board or its committees attended by them, amounting to Rs. 5,000 each per meeting (revised to Rs. 10,000 each per meeting of the Board, Rs. 7,500 each per meeting of the Audit Committee and Rs. 5,000 each per meeting for other committees w.e.f. April 1, 2004). Shareholders have also approved the payments of (i) a commission for non-executive directors with effect from April 1, 2002 not exceeding 1% of the net profits of the Company determined in accordance with relevant provisions of the Companies Act; (ii) a remuneration to the Chairman by way of a salary, housing facility or allowance, and perquisites amounting respectively to Rs.1.50 lacs per month (with annual increments of Rs.0.15 lacs per month), upto 60% of salary and upto Rs.15.0 lacs per year (other than exempted items vide Schedule XIII of the Companies Act), payable as minimum remuneration (with due approval where required) for 5 years commencing March 1, 2000; and (iii) a remuneration to the Executive Director & Chief Operating Officer, appointed with effect from January 1, 2001 for 5 years, by way of salary, special allowance, housing facility or allowance, and perquisites, amounting respectively to Rs.0.65 lacs per month (annual increments to be decided by the Board; accordingly present salary is Rs.1.0 lacs per month), Rs.0.30 lacs per month (as approved by the shareholders with effect from April 1, 2002), Rs.0.30 lacs per month and perquisites (in aggregate, along with increment during the year, these are within minimum remuneration allowed as per the Companies Act). In case of the Chairman and the Executive Director & Chief Operating Officer, Shareholders have further approved payment of a commission with effect from April 1, 2002, not exceeding 2% of the net profits of the Company (within an overall aggregate limit of remuneration by 5% of net profits each) determined as per relevant provisions of the Companies Act. There are no severance fees, other benefits, or stock options.

Share Transfer & Shareholder/Investor Grievance Committee

This committee reviews, records and helps expedite transfer of shares and helps resolve and attend to any grievances of Investors. The Company has over 55,000 shareholders and the committee meets frequently throughout the year to minimise any delays in the transfer process. Any investor grievance is referred to this committee in the first instance for early resolution of any problem. Sri S.C. Jain, Company Secretary, is the Compliance Officer under relevant regulations. This committee is chaired by Sri Utsav Parekh and includes Sri Haigreva Khaitan and Sri C. Bhaskar. During the year 558 complaints/queries were received; all were resolved and none are pending.

Committee of Directors

A Committee of Directors comprising of Sri Sidharth Birla, Sri Utsav Parekh and Sri C. Bhaskar attends to matters specified and/or delegated appropriately by the Board from time to time. During the year the