

*xproindia*  


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**XPRO INDIA LIMITED**

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**ANNUAL REPORT 2005/06**

## ANNUAL REPORT 2005/06

### 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

Managing Director & Chief Executive Officer

### Company Secretary

Sri S.C. Jain

### Senior Executives

Sri H. Bakshi

President & Chief Operating Officer

Sri Manmohan Krishan

Executive Vice President, Coex Division

Sri U. K. Saraf

Executive Vice President, Thermoforming Unit

Sri Anil Jain

Executive Vice President, Thermosets Division

Sri V K Agarwal

Vice President (F & A)

### Registered Office & Biax Division

Barjora-Mejia Road,

P.O. Ghutgoria, Tehsil : Barjora,

Distt : Bankura 722 202, West Bengal

### Coex Division

3, Industrial Area, NIT,

Faridabad 121 001, Haryana

### Coex Division - Pune Unit

Gat. No. 399, Pune-Nagar Road,

Lonikand, Distt.: Pune 412 216, Maharashtra

### 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

Plot E-89, MIDC Industrial Area,

Ranjangaon, Distt. Pune 412 209, Maharashtra

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 Khimji Kunverji & Co., Mumbai

**XPRO INDIA LIMITED****NOTICE****TO THE SHAREHOLDERS**

Notice is hereby given that the Ninth 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 Thursday, July 27, 2006 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, 2006.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Sri Amitabha Ghosh who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri Utsav Parekh who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and to fix their remuneration.

**Registered Office :**

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

By Order of the Board

May 3, 2006

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 16, 2006 to July 27, 2006 (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 July 15, 2006 and the Dividend Warrants will be posted on or before August 14, 2006.
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. Members are hereby informed that the Company would transfer unpaid/unclaimed dividends, which remains unclaimed over a period of 7 years, to the Investor Education and Protection Fund ( IEP Fund ) constituted by the Central Government under section 205C of the Companies Act, 1956. Details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to such IEP Fund of the Central Government are as under :-

Financial Year	Date of Declaration	Due date for transfer to IEP Fund
1999-00	July 06, 2000	August 23, 2007
2000-01	July 11, 2001	August 16, 2008
2001-02	July 12, 2002	August 12, 2009
2002-03	July 23, 2003	August 23, 2010
2003-04	July 23, 2004	August 23, 2011
2004-05	June 24, 2005	July 30, 2012

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It may be noted that no claim shall lie against the Company or the Fund in respect of individual amounts which were unclaimed and unpaid for a period of 7 years and transferred to the Fund on respective due dates indicated hereinabove. In view of the above, Members are advised to claim/encash dividend warrants before due dates for transfer of unclaimed dividend to the IEP Fund.

### 8. EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956/SEBI Regulations)

#### Item No.3

Sri Amitabha Ghosh, aged 76 years, is a Chartered Accountant and Fellow, Indian Institute of Bankers having expertise in finance and banking spanning over five decades. He was earlier Chairman & Managing Director of Allahabad Bank and Deputy Governor of Reserve Bank of India. He was also Chairman of RBI 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 Centenary Leasing Co. Pvt. Ltd., Kesoram Industries Ltd., Mysore Cements Ltd., Orient Paper & Industries Ltd., Palit Consultancy Pvt. Ltd., Peninsula Land Ltd., Sahara India Financial Corpn. Ltd., Sahara India Life Insurance Co. Ltd., Shreyas Shipping & Logistics Ltd. & Zenith Fibres Ltd.

Sri Ghosh is Chairman of Audit Committee of Peninsula Land Ltd., Orient Paper & Industries Ltd., Sahara India Financial Corpn. Ltd, Sahara India Life Insurance Co. Ltd. & Shreyas Shipping & Logistics Ltd. and Member of the Audit Committee of Kesoram Industries Ltd., besides being member of Remuneration & Nomination Committee of our Company.

Sri Amitabha Ghosh does not hold any shares of the Company.

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

#### Item No.4

Sri Utsav Parekh, aged 50 years, holds a Bachelor's Degree in Commerce with honours. He has vast experience of about 25 years as Merchant Banker, and in Stock Broking and Financial Services. He is a member of the Calcutta Stock Exchange Association. Sri Utsav Parekh is presently a Director on the Boards of Cable Corporation of India Ltd., Globosyn Technologies Ltd., Gyaniram & Sons Pvt. Ltd., Lend Lease Company (India) Ltd., Maharaja Shree Umaid Mills Ltd., McNally Bharat Engg. Co. Ltd., Moving Picture Company (India) Ltd., Mcleod Russell India Ltd., Salveo Life Sciences Ltd., SMIFS Capital Markets Ltd., SMIFS Capital Services Ltd., Simoco Telecommunication (South Asia) Ltd., The Sirpur Paper Mills Ltd. and Transceivers India Ltd.

He is a member of Audit Committee of Cable Corporation of India Ltd.; member of Audit Committee and Shareholders Grievance Committee of Maharaja Shree Umaid Mills Ltd.; member of Investors Grievance Committee of Mcleod Russell (India) Ltd.; member of Audit Committee of McNally Bharat Engg. Co. Ltd.; member of Audit Committee and Remuneration Committee of Moving Picture Company (India) Ltd.; member of Audit Committee, Committee of Directors and Share Transfer Committee of SMIFS Capital Markets Ltd. and member of Audit Committee, Investment Committee and Remuneration Committee of The Sirpur Paper Mills Ltd. He is a member of Audit Committee, Remuneration & Nomination Committee and the Committee of Directors besides being Chairman of Share Transfer & Shareholders/Investors Grievance Committee of our Company.

Sri Utsav Parekh does not hold any shares of the Company.

Except Sri Utsav Parekh, no other Director is interested in the resolution.

#### Registered Office :

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

By Order of the Board

May 3, 2006

S.C. Jain  
Company Secretary

**XPRO INDIA LIMITED****REPORT OF THE DIRECTORS  
TO THE SHAREHOLDERS**

We have pleasure in presenting herewith the Ninth Annual Report of your Company along with the Audited Accounts for the year ended March 31, 2006.

**FINANCIAL RESULTS**

	2006	(Rs. Lacs) 2005
Operations yielded a		
Profit before Depreciation and Tax of	898.79	1,136.37
less : Depreciation	585.68	656.21
	313.11	480.16
Add : Exceptional Items (net)		1,016.59
Profit Before Tax	313.11	1,496.75
less : Provisions for		
• Income & Wealth Tax	240.00	350.00
• Deferred Tax	(192.41)	186.16
• Fringe Benefit Tax	26.00	
Profit after Tax	239.52	960.59
add : Surplus brought forward	3,068.04	2,437.21
Balance available for appropriation	3,307.56	3,397.80
Which is appropriated as :		
• General Reserve	30.00	100.00
• Proposed Dividend	201.50	201.50
• Dividend Tax	28.26	28.26
• Surplus carried forward	3,047.80	3,068.04
	3,307.56	3,397.80

Operating Profits at the Gross level were generally lower due to various external factors as detailed herein and the overall financial results for the year are not directly comparable with those for the previous year, due to differing impact of strategic initiatives undertaken by the Company during these years. Income Tax also accounts for a higher portion of profits than hitherto. We recommend for your approval a Dividend of Rs.2.00 per Share.

**REVIEW OF KEY BUSINESS MATTERS**

The operations and results of the company for the year under review can be considered generally in line with the cautious note in our last report with particular reference to the global volatility in petroleum product prices and competitive market conditions in the Company's business sectors (both of which kept margins depressed for the time being). Gross Sales were Rs.122.11 Crores and overall volumes at 17,059 MT were marginally higher than in the previous year (after accounting for the capacity transferred to the Joint Venture in January 2005).

Our strategic intent for BOPP and Cast films is directed towards a continued focus and specialization in special types of films (including thin films, capacitor films, hygiene films and metallised films for special applications). As a result despite the demanding market conditions the Company was able to operate its plants at high utilization levels, particularly for BOPP Films.

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The off-take of sheets and formed liners, and overall sheet production, was only marginally higher than in the previous year as the principal consumer - the domestic white goods industry (mainly refrigerators) - again displayed an unexciting performance, notwithstanding excellent growth prospects. Nevertheless with a view to the long term and in order to offer customers the advantages of proximity, better service levels and fiscal benefits, sheet capacity at Greater Noida was strengthened and capacity at Pune also commenced commercial production. Proactive steps continue to be taken by the management to preserve the market standing and competitive edge, including through development, productivity improvement, cost and financial discipline.

We are glad to inform that construction work for the new Thermoset materials plant at Ranjangaon (near Pune) is progressing well; the first phase has been completed and commenced commercial production in March 2006. Manufacture of synthetic resins in terms of a tie up with a leading foreign player to manufacture products for sale under their brand has also commenced, providing additional base loads for these operations.

In light of the conditions mentioned, and investment decisions already undertaken in the core business areas of the Company, other options for growth and/or acquisitions to which we had drawn attention last year were not aggressively pursued; it is our intention to pursue such opportunities during the current year. Fitch has renewed its healthy ratings and stable outlook for the Company, which does not have borrowings through Fixed Deposits, Debentures or from Financial Institutions.

### STATUTORY AND OTHER MATTERS

Necessary steps have been taken to also comply with requirements of the amended Clause 49 of the Listing Agreement with Stock Exchanges where the Company's shares are listed. 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 the Directors' Report for the year ended March 31, 2006 for the subsidiary Xpro Global Limited are annexed hereto. In compliance with relevant Accounting Standards the consolidated statement of accounts is also submitted (incorporating the appropriate consolidation of accounts of Xpro Global Limited, Terxpro Films Private Limited and Diamond Realty Limited). Relations with employees were generally cordial and we record our appreciation of contributions made by committed employees during the year.

Sri Amitabha Ghosh and Sri Utsav Parekh, Directors, retire by rotation and, being eligible, offer themselves for reappointment. The Board has appointed Sri C. Bhaskar, as the Managing Director & Chief Executive Officer of the Company for a period of 3 years from January 1, 2006 (approved by shareholders in the extra-ordinary general meeting held on January 30, 2006).

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 judgments 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 year; (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.

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The Statutory Auditors M/s Khimji Kunverji & Co., Chartered Accountants, Mumbai, retire 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 Associate Banks, all concerned Government and other authorities and all Shareholders.

For and on behalf of the Board

New Delhi  
May 3, 2006

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 4 are independent and 7 are non-executive directors. 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 is the Managing Director & Chief Executive Officer (*Executive Director & Chief Operating Office upto December 31, 2005*) and is accountable to the Board for actions and results.

Current regulations require that (at the maximum) 3 Directors or 50% of the strength 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, is not a substantial shareholder of the Company, and has been invited to join it via a process in which all Directors have had the opportunity to participate. Our Board has 4 independent Directors (i.e. 50%) viz. Sri Amitabha Ghosh (formerly a Banker and Deputy Governor of Reserve Bank of India), 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 Haigreve Khaitan, Advocate, though meeting the above criteria is a Partner in Khaitan & Co., Solicitors (who act for the Company from time to time). Thus as a measure of abundant caution he has not been considered as an independent Director for purposes of the

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regulations. 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. The Chairman and non-executive Directors review the functioning and effectiveness of the Board and the attendance record of all Directors every year. Sri Sidharth Birla and Smt. Madhushree Birla represent promoters and are related to each other; none of the other Directors are related to each other or to promoters. Sri C. Bhaskar is the only executive Director.

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. 1/3<sup>rd</sup> of other Directors retire every year and, when eligible, qualify for re-appointment. Nominees of Financial Institutions (if any) 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 80 & 65 years of age respectively. Specified details are provided in the notice for appointment or re-appointment of a Director. Details of Directors are given below by category, attendance (relating to relevant meetings during the year), total directorships (other than private limited companies and alternate directorships) (at "B" below), membership and chairmanship (at "C" & "Ch" below) of SEBI specified Board committees, sitting fees (including for committees) and commission (if any) paid during the year, and their shareholding in the Company.

Director/Category	Attendance	B/C/Ch	Fees/Commission	Shareholding
<b>Independent Directors</b>				
1. Sri Amitabha Ghosh	4 / 5	9 / 1 / 5	Rs. 60,000	-
2. Sri P. Murari	3 / 5	11 / 5 / 1	Rs. 62,500	-
3. Sri Utsav Parekh	3 / 5	14 / 9 / 1	Rs. 72,500	-
4. Sri S. Ragothaman	4 / 5	7 / 4 / 3	Rs. 87,500	3,493 (0.03 %)
<b>Non-Executive Directors</b>				
5. Sri Haigreve Khaitan **	1 / 5	15 / 9 / -	Rs. 10,000	-
<b>Representing Promoters</b>				
6. Smt. Madhushree Birla	4 / 5	1 / - / -	Rs. 40,000	50,750 (0.50 %)
7. Sri Sidharth Birla*	5 / 5	5 / - / -	Nil	2,51,875 (2.50 %)
<b>Executive Director</b>				
8. Sri C. Bhaskar*	5 / 5	2 / 1 / -	Nil	431 (negligible)

(\* : employed by the Company)

(\*\* : Partner of Khaitan & Co. to whom fees for legal consultations, etc. of Rs. 3,98,030 paid during the year)

### 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 regulations) that are reserved for its consideration and decision, besides review of corporate performance and reporting to shareholders. 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 and evaluation 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 material information, including on all financial matters and exceptions, if any, to the Board and/or its committees; (e) be responsible for ensuring

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strict and faithful compliance of all applicable laws and regulations; and (f) implement sound, effective internal control systems and the Risk Management Procedure framed by the Board. The Board has - besides laying down a general Code of Conduct for employees - adopted a Code of Conduct for Directors and Senior Executives (also required under regulations). The Board requires the organisation to endeavour to conduct business and develop relationships in a responsible, dignified and honest way and these codes aim to establish the policy framework. The Board has also laid down a Code of Conduct for Prevention of Insider Trading, administered by the Compliance Officer. Management of the organisation and conduct of affairs of the Company lie with the Managing Director & Chief Executive Officer, who heads the management team. The President & Chief Operating Officer holds operational responsibility for day-to-day activities of the divisions under his charge. They are collectively entrusted with ensuring that all management functions are carried out effectively and professionally.

### ***Board Meetings and Committees***

Board meetings are normally held at Company offices, including at plants, and are typically scheduled well in advance. The Board meets at least once after the end of each 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 relevant matter in the Agenda. Senior officers are called to provide clarifications or presentations whenever required. In the year under review the Board met 5 times on April 30, July 28, October 20, December 16, 2005 and January 31, 2006.

To enable fuller and detailed attention to relevant matters, the Board delegates specified matters to committees which report to it. 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 Companies Act and in regulations, including review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with relevant 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 the financial statements are correct, sufficient and credible. All financial reports of the Company can be placed in the public domain only after review by the Audit committee. The reports of the statutory as well as the internal auditors are regularly reviewed, along with comments and action-taken reports of the management. 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 require. 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 30, July 26, October 20, 2005 & January 31, 2006. The meetings of April 30 & July 26, 2005 were attended by Sri S. Ragothaman & Sri P. Murari; of January 31, 2006 by Sri S. Ragothaman & Sri Utsav Parekh and that of October 20, 2005 was attended by all members.

### ***Remuneration & Nomination Committee***

The Remuneration & Nomination Committee comprises of all non-executive and a majority of independent Directors. It 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. The committee is fully enabled to ensure that non-executive Directors make decisions on remuneration and progression of executive Directors and is able to assess the same for senior officers; remuneration of the Chairman is approved by the Committee and recommended to the Board of the Company while any compensation to other non-executive Directors is a subject only for the whole Board. The committee comprises of Sri P. Murari, (as Chairman), Sri Sidharth Birla, Sri Amitabha Ghosh

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and Sri Utsav Parekh. During the year the committee met on October 20, 2005 (attended by all members) and on December 16, 2005 attended by Sri P. Murari, Sri Amitabha Ghosh & Sri Sidharth Birla.

All Directors other than the Chairman and executive Director(s) are paid sitting fees for meetings of the Board or its committees attended : Rs.20,000 each per meeting of the Board, Rs.15,000 each per meeting of the Audit Committee, Rs.5,000 each per meeting of the Share Transfer & Shareholder/Investor Grievance Committee and Rs.10,000 each per meeting for other committees w.e.f. January 1, 2006 (Rs.10,000, Rs.7,500, Rs.5,000 and Rs.5,000 respectively upto December 31, 2005). Shareholders have 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 Sri Sidharth Birla, Chairman, appointed with effect from March 1, 2005 for 3 years, by way of a salary (Rs.3.50 lacs per month with annual increments of Rs.0.25 lacs per month: thus present salary is Rs.3.75 lacs per month), commission (not exceeding 2% of net profits), housing facility or allowance in lieu thereof (upto 60% of salary) and other perquisites (in aggregate subject to minimum remuneration of Rs.4 lacs per month as per the Companies Act ); (iii) a remuneration to the Managing Director & Chief Executive Officer, Sri C. Bhaskar, appointed with effect from January 1, 2006 for 3 years, comprising of salary, commission (not exceeding 2% of net profits), perquisites and other benefits/allowances as may be decided by the Board from time to time, subject in aggregate to a maximum of 5% of the net profits of the company as per relevant calculation (in aggregate subject to minimum remuneration of Rs.4 lacs per month). Accordingly he is now paid a salary of Rs.1.50 lacs per month, house rent allowance of Rs.0.45 lacs per month, and special allowance of Rs.0.30 lacs per month and perquisites. There are no severance fees (routine notice of 3 month is not considered as 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 52,000 shareholders and the committee meets frequently throughout the year to minimize any delays in the transfer process. Any investor grievance is referred to this committee in the first instance for early resolution. Sri S.C. Jain, Secretary, is the Compliance Officer under relevant regulations. This committee is chaired by Sri Utsav Parekh and includes Sri Haigreave Khaitan and Sri C. Bhaskar. During the year 297 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.

## SHAREHOLDER INFORMATION AND RELATIONS

The principal source of detailed information for the shareholders is the Annual Report which includes, inter-alia, the reports of the Directors and the Auditors, Audited Accounts, besides this report and the Management's Discussion & Analysis Report. The Management's statement on integrity and fair presentation of financial statements is provided to the Board as part of the process of accounts approval. Shareholders are intimated through the print media about quarterly financial results and performance besides significant matters, within time periods stipulated from time to time by Stock Exchanges. General Meetings of the Company are held at its Registered Office at Barjora-Mejia Road, P.O. Ghutgoria, Tehsil Barjora, District Bankura 722 202, West Bengal. The last 3 AGM's were held at the Registered Office on July 23, 2003, July 23, 2004 and June 24, 2005. The next AGM shall be held at the Registered Office as per the notice in this Annual Report and the Record Date will also be as per the notice. The last AGM was attended by Sri C. Bhaskar.

Dividend was paid last year and warrants were mailed by July 2, 2005 (8 days after AGM). The Company keeps shareholders informed via advertisements in appropriate newspapers of all relevant dates and items requiring notice. M/s MCS Limited, New Delhi are the Registrars and Share Transfer Agents. The general address for correspondence by shareholders is the Company Secretary (Tel. No.033-22131680 extn.1267); at Birla Building (2nd Floor), 9/1 R. N. Mukherjee Road, Kolkata 700 001; shareholders may also write to the Registrars directly