

Zuari Industries Limited



Report  junction.com

Annual Report 2001- 2002

ZUARI INDUSTRIES LIMITED TEN YEARS AT A GLANCE

	(Rs. in Lacs)									
Particulars	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Sales Turnover	41917	52421	69807	73336	69939	95784	85134	138928	120816	123300
Capital Employed	17936	20815	33174	40244	50345	87491	90868	91376	53759	53594
Net Worth	9881	11371	19495	24220	27401	35619	36236	33538	35421	36550
Gross Profit	5444	6081	12052	12399	9965	12023	8060	11766	7169	6854
Interest	(1742)	(1584)	(1729)	(2868)	(3483)	(4438)	(5169)	(10356)	(4072)	(3607)
Depreciation	(654)	(426)	(465)	(1102)	(1234)	(1416)	(1457)	(3817)	(1272)	(1525)
Profit Before Tax	3048	4071	9858	8429	5248	6169	1434	(2407)	1825	1722
Profit After Tax	1563	2171	5758	5929	4048	5379	1597	(2160)	2370	1265
Dividends	588	682	812	802	788	821	883	442	442	294
Earnings per Equity Share (Rs.)	12.09	16.99	43.41	45.06	30.84	*26.21	5.43	(7.34)	8.05	4.30
Net Worth per Equity Share (Rs.)	76.28	88.27	145.46	184.51	208.75	120.99	123.09	113.92	120.31	124.15
No. of Shareholders	42578	42024	41080	35402	34516	37121	37224	39184	40179	40682
No. of Employees	995	998	1441	1458	1471	1611	1606	1676	1162	1167

* On annualised basis after rights issue and amalgamation.

**DIRECTORS**

- : K. K. Birla, Chairman
- H. S. Bawa, Managing Director
- Shyam Bhartia
- Arun Duggal
- D. B. Engineer
- M.D. Locke (Alternate : K. H. Captain)
- S. V. Muzumdar
- Saroj Kumar Poddar
- S. Y. Rege
- Vishwavir Ahuja (Alternate : Manjit Singh Lakhmana)
- Marco Wadia

COMPANY SECRETARY

- : R. Y. Patil

**EXECUTIVE PRESIDENT
VICE PRESIDENTS**

- : Raman Madhok
- : Dileep Deshpande
- R. S. Raghavan
- R. Mahesh Iyer
- D. P. Sinha
- S. Srinivasan
- V. K. Topa

BANKERS

- : State Bank of India
- Bank of America
- HDFC Bank Limited
- Punjab National Bank
- Canara Bank
- The Vysya Bank Limited
- The Jammu and Kashmir Bank Limited

LEGAL ADVISERS

- : Crawford Bayley & Co., Mumbai
- Khaitan & Co., Calcutta

AUDITORS

- : A. F. Ferguson & Co.
- Chartered Accountants, Mumbai

REGISTERED OFFICE

- : Jai Kisaan Bhawan
- Zuarinagar
- Goa 403 726.

ZUARI INDUSTRIES LIMITED



**ANNEXURE 'A' TO DIRECTORS' REPORT
FORM A
(See Rule 2)**

Form of disclosure of particulars with respect to conservation of energy :

	Current Year	Previous Year
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
(a) Purchased		
Unit (KWH)	8877661	8350956
Total amount (Rs. in lacs)	431.65	392.01
Rate/Unit (Rs.)	4.86	4.69
(b) Own generation (KWH)		
(i) Through Diesel Generator		
Unit (KWH)	28966785	24543275
Units per ltr. of Diesel/LSHS/Fuel Oil	3.95	3.89
Cost/Unit (Rs.)	1.82	2.15
(ii) Through Steam Turbine/Generator		
Unit (KWH)	51416739	47206200
Units per kg. of Fuel Oil / LSHS	3.461	1.914
Cost/Unit (Rs.)	2.18	4.59
2. (a) Furnace Oil		
Quantity (K.Ltrs.)	111900	103105
Total cost (Rs. in lacs)	7912.26	8546.06
Average rate (Rs./KL.)	7070.83	8288.70
3. Other/internal generation (please give details)		
Diesel :-		
Quantity (KL.)	61	46
Total cost (Rs. in lacs)	10.97	4.85
Average rate (Rs./KL.)	18050.00	10543.48

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards (If any)	Current Year	Previous Year
		1	2
1. Electricity			
Product (with details) Unit			
(i) Purchased Power (KWH)			
Urea		7.88	3.29
19:19:19		4.71	11.35
18:46:0		7.41	15.28
20:20:0		8.37	14.14
10:26:26		3.60	14.33
17:17:17		-	13.99
28:28:0		9.83	-
Furniture		27.06	27.90
(ii) Generated Power (KWH)			
Urea		116.43	118.62
19:19:19		67.39	90.28
18:46:0		59.05	52.80
20:20:0		55.95	44.66
10:26:26		61.00	45.31
17:17:17		-	44.51
28:28:0		46.20	-
Furniture		1.77	1.58
2. Furnace Oil (KL)			
Urea		0.24	0.22
19:19:19		0.03	0.05
18:46:0		0.02	0.04
20:20:0		0.02	0.03
10:26:26		0.02	0.03
17:17:17		-	0.03
28:28:0		0.02	-
3. Others		-	-

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Sl. No.	Name	Designation/ Nature of duties	Qualifications	Age (Yrs)	Experience (No. of Yrs)	Date of commen- cement of employment	Remune- ration received Rs.	Name of last employer, post held and period
1	2	3	4	5	6	7	8	9
(A) EMPLOYED THROUGHOUT THE YEAR								
1.	Bawa H. S.	Managing Director	M.S.(Chem.Engg.)USA	71	46	16/04/79	63,58,284	Hindustan Petroleum Corp., General Manager, (Ref. Div.) - 3 yrs.
2.	Deshpande D.	Vice President Operations	B.Tech.(Hons.) Mech. Engg.	59	39	01/11/98	18,19,272	ICI India Ltd., Gen. Manager Engg.-33 yrs.
3.	Gupta K. K.	Executive President	M.S. (Industrial Engg.) California	63	30	01/01/97	21,80,336	Singer India Limited, Chairman and Managing Director
4.	Madhok R.	Executive President	B.E.(Hons.) Mech. Engg	57	37	02/02/98	29,58,697	Niro A/S of Denmark - Division Manager Food Plants Division 18 years
5.	Raghavan R. S.	Vice President Corporate Finance	B.Com. A.C.A.	53	30	05/01/98	19,83,634	Samtel Colour Ltd., General Manager - Finance, 2 years
6.	Sinha D. P.	Corporate Vice President Human Resources	B.Sc.,PG.(Hons.) Diploma-(XLR),B.L.	57	30	24/06/96	19,70,676	Brittania Industries Ltd., Vice President HR-6 months
7.	Srinivasan S.	Vice President-Commercial	B.Tech.(Chem) PGD Business Admn.	50	26	28/07/99	19,95,156	DCM Sriram Consolidated Ltd., Business Head, 4 years
8.	Topa V. K.	Vice President Corporate Affairs	M.Sc.	58	25	10/04/2000	14,02,717	Federation of Indian Chamber of Comme- rce & Industry.- Addl. Sec. General - 5 yrs.
(B) EMPLOYED FOR PART OF THE YEAR								
1.	Coutinho R. A.	Master Technician	SSC.,ITI(Fitter)	45	25	28/10/76	5,34,966	—
2.	Katekar B. D.	Manager-Finance & Accounts	B. Com.	59	33	04/10/72	7,17,334	Chowgule & Co. Pvt. Ltd.
3.	Kadam K. G.	Manager - Marketing	B.Sc.(Agri)	35	13	27/05/88	3,29,289	—
4.	Limaye S. V.	Manager - Marketing	M.Sc. (Agri)	40	15	02/06/87	3,70,759	Mah. State Seed Certf. Agency Agricultural Officer - 1 year.
5.	Menezes Gama L	PA to Managing Director	BA	46	25	17/05/76	4,97,648	Sterling Drug Ind. Pvt. Ltd. Secretary 4 months.
6.	Nagrecha N. D.	Vice President Finance	B.Sc.(Tech.)(Chem.)	71	48	08/05/89	10,46,278	Hindustan Petroleum Corp. Ltd.
7.	Paivaidya S. N.	Manager - Shift (Utilities)	L.M.E.	60	32	21/06/71	8,14,560	Govt. of Goa, Daman & Diu Workshop Supervisor- 2 1/2 years
8.	Pednekar K.D.T.	Accounts Assistant	B.A. Part I	50	27	22/09/76	2,34,014	Goa Govt. Employees Assoc. Clerk Typist - 2 years
9.	Patel L. J.	Master Technician	X Std. Fitter	58	35	04/07/72	4,30,344	Shriram Chem. Ind. - Fitter 6 years
10.	Salunkhe S. T.	Manager - Marketing	B.Sc.Agri.	36	13	23/05/88	2,80,023	Aries Agro Vet.Ind.Pvt.Ltd., Bombay - Tech. Sales Rep. 8 months
11.	Toshniwal S. B.	Senior Manager - Comp. & Benefits	B.Sc.Hons.	60	31	01/03/77	8,90,494	Madras Fertiliser Limited Data Processing Officer - 7 years

NOTES :

- Remuneration has been calculated in accordance with clarification given by the Department of Company Affairs. Accordingly, perquisites have been valued in terms of actual expenditure incurred by the Company in providing benefits to the employees except in case of Company owned houses where the actual amount of expenditure cannot be ascertained, with reasonable accuracy, in which case a notional amount as per Income Tax Rules has been added.
- Other terms and conditions – the employments are subject to rules and regulations of the Company in force from time to time.
- None of the above employees is a relative of any Director of the Company.



ANNEXURE 'C' TO THE DIRECTORS' REPORT

Corporate Governance

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity. It is the Company's policy that, in addition to matters statutorily requiring Board approval, all major decisions on new investments and capital expenditure, acquisitions are considered by the Board.

Corporate Ethics

The Company's Corporate philosophy as approved by the Board of Directors on 19th September, 1991 believes in:

- Strengthening India's industrial and agricultural base;
- Commitment to sound and ethical business practices;
- Increasing shareholder value;
- Providing quality products;
- Upgrade the quality of life in the neighbourhood;
- Preserving and protecting the environment;

2. Board of Directors

The Board of eleven Directors of the company includes eminent persons with vast professional experience in various fields. The number of Non Executive Directors on the Board is 10.

Number of Board of Directors meetings held, and the dates on which held:

5 Board meetings were held during the year. The dates on which the meetings were held are: 30th April, 28th July, 30th October 2001, 16th January and 7th March 2002.

Attendance of each Director at the Board of Directors meetings and the last AGM and number of companies and committees where he is a Director/Member:

Director	Category of Directorship#	No of Directorships	No. of Board meetings attended	Attendance at last AGM	No of Board Committees of all Co's.*	
					Chairman	Member
K.K. Birla	Promoter	14	4	No	-	-
H.S. Bawa	MD	15	4	No	3	4
Shyam Bhartia	NED	14	3	No	-	-
Arun Duggal	NED / I	3	4	No	-	1
D.B. Engineer	NED / I	14	4	Yes	3	6
M.D. Locke	NED	4	1	No	-	-
S.V. Muzumdar	NED / I	9	5	No	-	5
Saroj Kumar Poddar	NED	13	4	No	3	4
S.Y. Rege	NED / I	10	5	No	3	-
Vishwvir Ahuja	NED / I	2	2	No	-	-
Marco Wadia	NED / I	5	5	Yes	-	4
Manjit Singh Lakhmana (Alt. to Vishwvir Ahuja)	NED / I	1	-	No	-	-
K.H. Captain (Alt. to M.D. Locke)	NED / I	2	3	No	-	1

Promoter, MD-Managing Director, I-Independent, NED-Non Executive Director

* Excludes Committees other than Audit Committee, Shareholders'/ Investors' Grievance Committee and Remuneration Committee and Companies other than Public Limited Companies.

3. Retirement of Directors by rotation and re-appointment

Mr. S. K. Poddar, Mr. S. Y. Rege & Mr. Marco Wadia, Directors are liable for retirement and are eligible for re-appointment during the forthcoming Annual General Meeting, whereas the Company has received notice proposing appointment of Mr. Vishwvir Ahuja as Director.

As required under Clause 49 of the Listing Agreement, information such as brief resume, nature of expertise and other directorships is given herebelow:

MR. S.K. PODDAR

Mr. S.K. Poddar, aged 56 years, is Chairman of Poddar Heritage Enterprises. Besides, he is the Chairman of Alstom Group of Companies, Gillette India Limited and Singer India Limited. He is on the Board of various other prominent corporates.

Internationally, Mr. Poddar is on the Board of Gillette Management Inc., Boston, Singer N.V., New York, Indo Maroc Phosphore, S.A.Morocco. He is a past president of Indian Chamber of Commerce and past member of local Board of Reserve Bank of India. He has also served on the Board of Governors of Indian Institute of Technology, Kharagpur and as committee member of FICCI

Directorships/Memberships of Committees is as given below:

1. Alstom India Limited
2. Alstom Limited
3. Alstom Transport Limited
4. Chambal Fertilisers and Chemicals Limited
5. Essar Shipping Limited
6. Gillette India Limited
7. Poddar Heritage Investments Limited
8. Rosenbluth Lionel India Limited
9. Simon India Limited
10. Singer India Limited
11. Texmaco Limited
12. Zuari Industries Limited
13. Zuari Cement Limited

Mr. Poddar is Chairman of the Audit Sub-Committee of Gillette India Limited, Zuari Cement Limited, Texmaco Limited and Alstom Limited. He is a member of Share Transfer/Investors' Grievance Committee of Singer India Limited, Texmaco Limited and Alstom Limited.

MR. S.Y. REGE

Mr. S.Y. Rege aged 76 years is L.L.B., Solicitor & Advocate. He enrolled as an Advocate in the year 1949 and as a Solicitor in the year 1951. He has been practising law since then. Mr. Rege joined as a Partner in the firm of Crawford Bayley & Co. on 1st April 1959.

Directorships & Memberships of Committees is as given below:

1. J.K. Helene Curtis Limited
2. Chowgule Steamships Limited
3. Geoffrey Manners and Co. Limited
4. STS Chemicals Limited
5. Zuari Industries Limited
6. Chemtex Engineering of India Limited
7. Vans Information Limited
8. Indoco Remedies Limited
9. Peoples Financial Services Limited
10. Johnson & Johnson Limited

Mr. Rege is Chairman of Investors' Grievance Committee of your Company and Chowgule Steamships Limited and is Chairman of Audit Committee of BOI Mutual Fund.

MR. MARCO WADIA

Mr. Marco Wadia is B.A. (Hons.)L.L.B. and Practising Advocate since 1986, specialising in corporate matters and is currently a partner in the firm of Crawford Bayley & Co.

Directorships & Memberships of Committees is as given below:

1. Chambal Fertilisers and Chemicals Limited
2. GMAC-TCFC Finance Limited
3. Josts Engineering Co. Limited
4. Stovec Industries Limited
5. Zuari Industries Limited

Mr. Wadia is member of Audit Sub-Committee of your Company, Chambal Fertilisers and Chemicals Limited and GMAC-TCFC Finance Ltd. He is also member of Investors' Grievance Committee of your company.

MR. VISHWAVIR AHUJA

Mr. Ahuja is 42 years old, holds an M.B.A. degree from the Indian Institute of Management, Ahmedabad (1981), followed by an MS degree in Finance from the University of Michigan, USA (1982). He has an undergraduate degree in B.Com.(Hons.) from Shri Ram College of Commerce, New Delhi (1979).

Mr. Ahuja assumed his present assignment as Country Manager for India, Bank of America, on May 1, 2001. He is based in Mumbai.

Mr. Ahuja oversees Bank of America's business franchise in the Indian sub-continent, covering 5 branches (Mumbai, Delhi, Chennai, Kolkata and Bangalore), a top-tier client base

comprising of leading domestic corporates, MNCs, Financial Institutions and agencies of the Government and a comprehensive range of Corporate and Investment Banking products and services.

Mr. Ahuja has been with Bank of America for almost 20 years with assignments in the U.S. and all four metro branches of the Bank in India, including various positions in Bank of America India's Corporate & Investment Banking Group, Credit Administration, Treasury and Corporate Planning.

4. Board Committee

a. Audit Committee

The broad terms of reference of the Audit Committee covers the matters specified in Clause 49 of the Listing Agreement and are as follows:

- Review of the Company's financial reporting process and its financial statements
- Review of accounting and financial policies and practices
- Review of the internal control and internal audit systems
- Review of risk management policies and practices
- Review of Internal Audit Reports

The Audit Sub-Committee comprise of four independent, non-executive Directors. The Committee has met 5 times for the financial year ended March 31, 2002 (minimum requirement is 3 meetings).

Name of the member	Status	No.of meetings
Mr. D.B. Engineer	Chairman	4
Mr. S.V. Muzumdar	Member	5
Mr. Marco Wadia	Member	5
Mr. Arun Duggal	Member	1

b. Management Compensation Committee

Name of the member	Status	No.of meetings
Dr. K.K. Birla	Chairman	1
Mr. H.S. Bawa	Member	1
Mr. M.D. Locke	Member	-

Terms of Reference :

The Compensation Committee is responsible for appointment and determining the compensation payable to the Senior Executives of the Company, based on performance and defined criteria.

The remuneration policy is directed towards rewarding performance based on review of achievements.

ZUARI INDUSTRIES LIMITED



Details of remuneration to all the Directors for the year:

Payment of remuneration to the Managing Director is as approved by the Board and the Shareholders. The remuneration comprises salary, incentive, perquisites, contribution to Provident Fund, Superannuation & Gratuity.

- The aggregate value of salary and perquisites paid for the year 2001-2002 to Mr. H.S. Bawa, Managing Director was Rs 63.51 lakhs (Salary-Rs.42.33 lakhs + Provident Fund, Superannuation Fund, Gratuity & perquisites-Rs. 21.18 lakhs), excluding provision for leave encashment on retirement not separately available.
- The term of Managing Director is five years with effect from 1/9/1999. Notice period for termination of appointment of Managing Director is three months on either side.
- No severance pay is payable on termination of appointment.
- The Company does not have a scheme for grant of stock options either to Managing Director or employees.

At present no remuneration is paid to non-executive Directors except sitting fees for attending the Meeting of Board / Committee.

Sitting fees to Non-Executive Directors:

Remuneration by way of sitting fees for attending the meetings of the Board / Committee thereof:

Name of the Director	Amount (Rs.)
1. Dr. K.K. Birla	9,000.00
2. Mr. S.Y. Rege *	24,000.00
3. Mr. D.B. Engineer*	24,000.00
4. Mr. S.V. Muzumdar	29,000.00
5. Mr. Marco Wadia*	28,000.00
6. Mr. K.H. Captain	6,000.00
7. Mr. Shyam Bhartia	8,000.00
8. Mr. S.K. Poddar	8,000.00
9. Arun Duggal	9,000.00
10. Vishwavir Ahuja	4,000.00
11. Manjit Singh Lakhmana	-

*Mr. S.Y. Rege, Mr. D.B. Engineer & Mr. Marco Wadia are Partners of Crawford Bayley & Co., Solicitors & Advocates, who have professional relationship with the Company. The professional fees of Rs. 13,22,404/- paid to them during the

year are not considered material enough to impinge on the independence of Mr. Rege, Mr. Engineer and Mr. Wadia.

c. Investors' Grievance Committee:

Investors' Grievance Committee comprises of:

Name of the member	Status	No. of meetings
1. Mr. S. Y. Rege	Chairman	5
2. Mr. D. B. Engineer	Member	5
3. Mr. S. V. Muzumdar	Member	5
4. Mr. Marco Wadia	Member	5

Terms of Reference :

The Committee oversees the performance of the in-house share transfer work and recommend measures to improve the level of investor services.

The Company has authorised the Vice President Corporate Finance and the Company Secretary severally to approve the share transfers involving upto 1000 shares.

The Board has designated Mr. R.Y. Patil, Company Secretary, as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year was 16.

Outstanding complaints as on 31st March, 2002 were NIL.

The number of share transfers pending as on 31st March, 2002 were NIL.

During the year the Committee had 5 meetings.

5. General Body Meetings

Location and time for the last 3 Annual General Meetings were:

Year	AGM	Location	Date	Time
1998-1999	AGM	Jai Kisan Bhawan Zuarinagar Goa 403 726	3/8/1999	11.00 a.m.
1999-2000	AGM	-same as above-	21/9/2000	11.00 a.m.
2000-2001	AGM	-same as above-	6/8/2001	11.00 a.m.

6. Disclosures

- Disclosures on materially significant related party transactions or transactions of the Company of material nature with its promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company:

There were no transactions of material nature with the Directors or the management or their subsidiaries or relatives during the year.

- b. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years:

There were no instances of non-compliance on any matters related to the capital markets during the last three years.

7. Means of communication

- a. Whether half-yearly report sent to each household of shareholders :
Yes
- b. Quarterly Results :
Quarterly results are published in one national daily and local dailies, one of which is in vernacular language.
- c. Any web-site displayed :
Yes. www.zuari-chambal.com
- d. Whether presentation made to Institutional Investors or to the Analyst:
No presentation made to Institutional Investors or to the Analyst.

8. General Shareholders Information

- a. Annual General Meeting, Date, Time and Venue: Annual General Meeting to be held on 4th September, 2002 at 4 p.m. at Jai Kisaan Bhawan, Zuarinagar, Goa 403726.
- b. Financial year : 1st April 2001 to 31st March, 2002
- c. Date of book closure : Tuesday 16th July, 2002 to Tuesday 30th July, 2002
- d. Dividend payment date : 5th September, 2002
- e. Whether Management Discussion and Analysis is part of this Report: Yes
- f. Listing on Stock Exchanges:

The Company's shares are listed on :

1. The Stock Exchange, Mumbai
2. The Delhi Stock Exchange Association Limited, New Delhi
3. The Calcutta Stock Exchange Association Limited, Calcutta
4. The Madras Stock Exchange, Chennai
5. The National Stock Exchange of India, Mumbai

The company has paid listing fees to all the stock exchanges in time.

g. Stock Code :

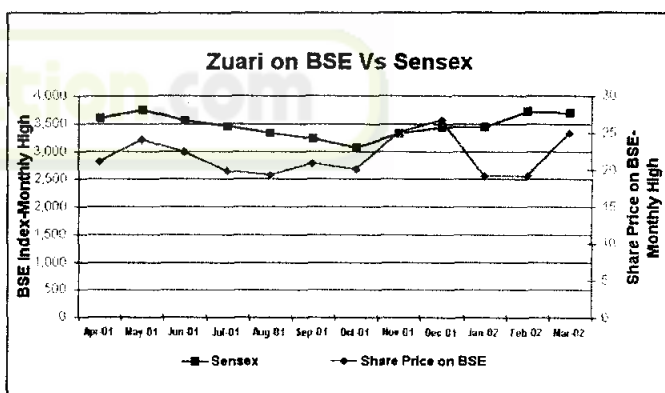
1. The Stock Exchange, Mumbai : 500780

2. The National Stock Exchange of India, Mumbai : ZUARIAGRO EQ

h. Stock Market Data :

High/low share prices during the year 1st April 2001 to 31st March 2002:

Month	High	Low	BSE Sensex	
			High	Low
April 2001	21.00	17.25	3605.01	3183.77
May 2001	24.00	19.00	3742.07	3494.48
June 2001	22.30	15.48	3557.64	3318.67
July 2001	19.75	15.50	3453.99	3251.53
Aug. 2001	19.20	15.90	3337.91	3244.95
Sept. 2001	20.80	16.85	3231.60	2600.12
Oct. 2001	20.00	17.80	3061.91	2754.95
Nov. 2001	25.00	18.00	3322.77	3013.94
Dec. 2001	26.65	18.80	3442.89	3131.78
Jan. 2002	19.16	18.50	3437.78	3246.15
Feb. 2002	19.15	18.50	3712.74	3313.73
March 2002	24.90	18.50	3690.27	3459.08
Annual Average	21.82	17.50	3466.38	3167.74



i. Share Transfer System :

The Company has inhouse Registrar & Share Transfer facility. Physical shares which are lodged for transfer with the secretarial department of the company, are processed and returned to the shareholders within a period of 30 days.

j. Distribution of shareholding :

The distribution of shareholding as on 31st March, 2002 is as follows: