



SHREE PRECOATED STEELS LIMITED



**SIXTEENTH
ANNUAL REPORT**

2002 - 2003

METACOLOR

Colour Precoated Steel Coils & Sheets



METAGALVA

Galvanized Coil/Plain & Corrugated Steel Sheets



SHREE PRECOATED STEELS LIMITED

BOARD OF DIRECTORS

Shri C. S. Ajmera	-	Chairman & Managing Director
Shri R. S. Ajmera	-	Managing Director
Shri I. S. Ajmera	-	Director
Shri M. Sivaramakrishnan	-	Director - Technical w.e.f. 18/12/2002
Shri J. J. Doshi	-	Director
Shri T. Raghavendran	-	ICICI Nominee withdrawn w.e.f. 30/04/2003
Shri K. Kannan	-	Special Director BIFR
 Shri G. M. Nadkarni	-	 DGM (Finance & Accounts) & Company Secretary

BANKERS

Bank of Baroda - Mumbai
 Abu Dhabi Comm. Bank Ltd. - Mumbai
 Dena Bank - Mumbai
 Allahabad Bank - Mumbai
 The Federal Bank Ltd. - Mumbai

AUDITORS

M/s. V. Parekh & Associates

SOLICITORS

M/s. Pandya & Poonawala
 M/s. Desai & Diwanji

REGISTERED OFFICE

"Citi Mall", Link Road,
 Andheri (West),
 Mumbai - 400 053

PLANT

Sanaswadi, Tehsil Sirur,
 Dist. Pune, Maharashtra

REGISTRAR & SHARE TRANSFER AGENT

Sharex (India) Private Limited
 17/B, Dena Bank Building,
 2nd floor, Horniman Circle,
 Fort, Mumbai - 400 001

MANAGEMENT TEAM

C. S. Ajmera	-	Chairman & Managing Director
R. S. Ajmera	-	Managing Director
M. Sivaramkrishnan	-	Director-Technical
P. Saxena	-	President (Operations)
G. M. Nadkarni	-	DGM (Finance & Accounts) & Company Secretary
Sanjay C. Ajmera	-	Executive Vice-President
Ashwin B. Ajmera	-	Executive Vice-President
B. S. Ramamoorthy	-	G. M. (Commercial)
M. P. Singh	-	G. M. (CR Mill & Electrical)
Ramesh Kherdekar	-	G. M. (Systems)
Brig. Booman Rajan (Retd.)	-	G. M. (HRD)

Sixteenth Annual General Meeting on Friday, the 29th August, 2003 at 3.00 pm at "Citi Mall", Link Road, Andheri (West), Mumbai - 400 053.



SHREE PRECOATED STEELS LIMITED**NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Shareholders of Shree Precoated Steels Limited will be held on Friday, the 29th August 2003 at 3.00 p.m. at "Citi Mall", Link Road, Andheri (W), Mumbai-400 053 to transact the following business: -

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003 and the Profit and Loss Account ended on that date and the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Shri Ishwarlal S. Ajmera, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

4. Appointment of Shri M. Sivaramakrishnan as Wholtime Director Designated as Director – Technical.

To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**: -

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Act, the Company hereby approves the appointment of Shri M. Sivaramakrishnan, a Wholtime Director of the Company, designated as a Director-Technical, for a period of five years with effect from 18th December 2002, on the terms and conditions and remuneration payable to him as set out in the draft Agreement submitted to this meeting and for identification signed by a Director thereof with liberty to the Board of Directors to alter and vary the terms and conditions of his appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri M. Sivaramakrishnan".

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an **ORDINARY RESOLUTION**: -

"RESOLVED THAT clause V of the Memorandum of Association of the Company be altered to be read as under:-

The Authorised Share Capital of the Company is Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) divided into Rs. 60,00,00,000/- (Rupees Sixty Crores only) Equity Shares consisting of 6,00,00,000 (Six Crores only) Equity Shares of Rs. 10/- (Rupees Ten only) each and Rs. 15,00,00,000/- (Rupees Fifteen Crores only) Redeemable Preference Shares consisting of 1,50,00,000 (One Crores Fifty Lacs only) of Rs. 10/- (Rupee Ten only) each with rights, privileges and conditons attached thereto as provided by the Articles of Association of the Company for the time being with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes, and attach thereto respectively and preferential, qualified or special rights. Such rights shall not except where the terms of issue otherwise provide be alterable otherwise than purusant to the provisions contained in the Articles of Association of the Company".

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as a **SPECIAL RESOLUTION**: -

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956, Article 4 of the Articles of Association of the Company be altered to be read as under: -

The Authorised Share Capital of the Company is Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) divided into Rs. 60,00,00,000/- (Rupees Sixty Crores only) Equity Shares consisting of 6,00,00,000 (Six Crores only) Equity Shares of Rs. 10/- (Rupees Ten only) each and Rs. 15,00,00,000/- (Rupees Fifteen Crores only) Redeemable Preference Shares consisting of 1,50,00,000 (One Crores Fifty Lacs only) of Rs. 10/- (Rupee Ten only) each".

By Order of the Board of Directors
For **SHREE PRECOATED STEELS LTD.**

Mumbai,
10th June 2003

Registered Office:
"Citi Mall", Link Road,
Andheri (W), Mumbai - 400 053.

GIRISH M. NADKARNI
DGM (Finance & Accounts) &
Company Secretary

NOTE:

- I. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE METING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF OR HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- II. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Resolutions set out against item No. 4, 5 & 6 of the Notice is annexed hereto.
- III. The Register of Members and Share Transfer Books of the Company will remain closed for Five days from the Monday, 25th August 2003 to the Friday, 29th August 2003 (both days inclusive).
- IV. The Shareholders desiring any information as regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep information ready.
- V. Members are requested to bring their copies of the Annual Reports to the Meeting. This is a measure of economy.

EXPLANATORY STATEMENT :**Item No. 4:**

1. Shri M. Sivaramakrishnan was appointed as a Director in Fifteenth Annual General Meeting held on 20th September 2002 by the Shareholders. Further he was appointed as a Wholetime Director designated as a Director-Technical for a period of five years with effect from 18th December 2002.
2. Shri M. Sivaramakrishnan is B. E. (Hon's.) in Mechanical Engineering and was an Executive Director for Design and Development. He has an over 31 years experience in Iron and Steel Industries.
3. The Remuneration Committee of Directors had taken into account the education and experience of Shri M. Sivaramakrishnan and recommended the appointment of Shri M. Sivaramakrishnan as Wholetime Director of the Company with effect from 18th December 2002. Accordingly, the Board of Directors had its meeting held on 29th January 2003, unanimously endorsed the recommendation of the Committee and approved the appointment of Shri M. Sivaramakrishnan as Wholetime Director of the Company for a period of five years with effect from 18th December 2002.
4. The terms and conditions of appointment of Shri M. Sivaramakrishnan and remuneration payable to him are as under :-

NAME AND DESIGNATION : Shri M. Sivaramakrishnan, Director-Technical.

PERIOD OF APPOINTMENT: Five years with effect from 18th December 2002.

REMUNERATION:**a. Salary**

Rs.22,500/- per month in the scale of Rs. 22,500/- to Rs. 37,500/- as may be determined by the Remuneration Committee.

b. Perquisites and Allowances

- I. In addition to salary, Shri M. Sivaramakrishnan shall be entitled to perquisites and allowances as under (in the scale of Rs. 17,500/- per month to Rs. 31,000/- per month) :-

	[Rs. Per Month]
H.R.A.	11,000
Educational Allowance	200
Personal Allowance	1,500
Medical Allowance	1,250
Paper & Periodical	1,000
L.T.A. (Rs. 18,600 p.a.)	1,550
Telephone Reimbursement	1,000
TOTAL	17,500

In addition to above, Shri M. Sivaramakrishnan shall be provided with a furnished Company lease accommodation on terms as agreed and Company maintained Car with chauffeur.

- II. For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
- III. Benefits under the Provident Fund Scheme, Pension and/or Annuity Scheme in accordance with the Company's Rules and Regulations in force from time to time shall not be included in the computation of ceiling on perquisites

SHREE PRECOATED STEELS LIMITED

to the extent these either singly or put together are not taxable, under the Income Tax Act, 1961. Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites/allowances as aforesaid.

MINIMUM REMUNERATION

Notwithstanding anything contained herein, where in any financial year during the currency of the tenure of Shri M. Sivaramakrishnan, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.

5. The terms and conditions and remuneration payable to Shri M. Sivaramakrishnan may be altered and varied from time to time as may be agreed to between the Board of Directors and Shri M. Sivaramakrishnan within the overall remuneration payable under schedule XIII to the Act.
6. The Agreement may be terminated by either party by giving 6 (Six) months' notice or the Company paying 6 (Six) months' salary in lieu thereof.
7. If at any time, Shri M. Sivaramakrishnan ceases to be a Director of the Company for any causes whatsoever, he will cease to be the Wholetime Director of the Company.
8. Shri M. Sivaramakrishnan shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission nor shall he become interested or otherwise concerned directly or through his wife and/or children in any buying or selling agency of the Company, without the prior approval of the Central Government.
9. In compliance with the provisions of Section 309 & 310 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in General Meeting for their approval. The Board recommends his appointment to the Members.
10. The draft Agreement between the Company and Shri M. Sivaramakrishnan is available for inspection by the members of the Company at the Registered Office between 10.30 a.m. and 12.30 p.m. on any working day of the Company.
11. Excepting Shri M. Sivaramakrishnan no other Director of the Company is concerned or interested in item No.4 of the Notice.
12. This may be treated as an abstract of the draft Agreement between the Company and Shri M. Sivaramakrishnan, pursuant to Section 302 of the Companies Act, 1956.

Item No. 5 & 6 :

At present, the company's Articles of Association & Memorandum of Association consists only of one kind of share, namely, equity. In order to mobilise funds for general corporate finances including reduction of high cost borrowings, capital expenditure requirements, reorganization and/or arrangements, it may become necessary to raise finances in the manner allotting preference shares. It is therefore proposed to reclassify the Authorised Share Capital of the Company from Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) divided into Rs. 60,00,00,000/- (Rupees Sixty Crores only) Equity Shares consisting of 6,00,00,000/- (Six Crores only) of Rs. 10/- each and Rs. 15,00,00,000/- (Rupees Fifteen Crores only) Redeemable Preference Shares consisting of 1,50,00,000/- (One Core Fifty Lacs only) of Rs. 10/- each. The resolution proposed is, therefore, recommended for adoption.

As and when the preference shares are proposed to be issued and allotted, the Company would take necessary action as per the provisions of the Act. Accordingly, consent of the shareholders is being sought for the resolutions as set out at item no. 5 & 6 in the accompanying notice. None of the Directors is interested in the resolution.

A copy of the Memorandum and Articles of Association of the Company showing the changes proposed is available for inspection during business hours on any working day at the Registered Office of the Company.

By Order of the Board of Directors
For **SHREE PRECOATED STEELS LTD.**

Mumbai,
10th June 2003

Registered Office:
"Citi Mall", Link Road,
Andheri (W), Mumbai-400 053.

GIRISH M. NADKARNI
DGM (Finance & Accounts) &
Company Secretary

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors are glad to present their **SIXTEENTH ANNUAL REPORT** of the Company together with the Audited Accounts for the year ended on 31st March 2003.

		(Rs. in Lacs)	
FINANCIAL RESULTS		Current	Previous
		Year	Period
		(12 Months)	(18 Months)
Gross Turnover		29,137.37	18,814.47
Export Turnover (FOB)			
Current year	Rs. 13,517.41		
Previous period	Rs. 5,904.54		
Gross Profit before Interest, Depreciation & Taxation		4,548.58	549.21
Less: Interest		900.48	6,114.21
Profit/(Loss) before Depreciation & Taxation		3,648.10	(5,565.00)
Less: Depreciation		1,420.34	1,237.04
Profit/(Loss) before Taxation		2,227.76	(6,802.04)
Provision for Taxation		0.19	0.96
Profit/(Loss) after Tax		2,227.57	(6,803.00)
Add: Adjustment in respect of Previous Year		104.52	(5.42)
Net Profit/(Loss) before adjustment as per BIFR Package		2,332.09	(6,808.42)
Add: Adjustments as per BIFR Package		16,467.07	—
Less: (Debit) Balance in P & L Account B/F		(20,950.80)	(14,142.38)
(Debit) Balance carried to Balance Sheet		(2,151.64)	(20,950.80)

On account of accumulated losses, the Directors are unable to recommend any dividend during the year.

STATUS UNDER BIFR

Rehabilitation Scheme has been sanctioned by BIFR on 13th November 2002. This provides for one time settlement and deferred payment plan towards dues to the Financial Institutions. The Company has started taking the measures for implementation of the various clauses as per the Scheme. The repayment to the Financial Institutions is as per the schedule.

OPERATIONS

The Company achieved all time record Production and Sales volume in the Domestic and Export markets. Your Board has pleasure to inform the Shareholders that the Sales Turnover for the current period of 12 months is Rs. 29,137.37 Lacs as against Rs. 18,814.47 Lacs for the previous period of 18 months. Hence the Sales Turnover for the year showed a substantial growth of 132% over the previous period and for the first time, we could register a Profit Before Interest, Depreciation and Tax of Rs 4,548.58 Lacs. The Profit Before Tax was Rs. 2,227.76 Lacs as against the Net Loss of Rs. 6,802.04 Lacs during the corresponding period of the last year. Accordingly, the Net worth improved to Rs. (-) 318.90 Lacs from Rs. (-) 15,325.90 Lacs of previous period. During the current year it will become positive with the issue of Equity Shares to Promoters & Institutions as per BIFR package. The Company's Export Sales showed a substantial Growth of 268 % during the current year in terms of Value. The Company exported Galvanised and Prepainted Steel products to China, Italy, Saudi Arabia, Germany etc.

This was achieved with support in the form of additional Working Capital from the Consortium of Bankers. The capacity utilisation of all the plants at Pune increased considerably during the year. The year has been very good for the Steel Industry in general and there was a steep rise in the price realisation in the International markets. The demand for steel products also showed an upward trend particularly in Chinese market. Due to the revival of the global economy and the resurgence in the domestic demand the steel prices in the domestic market also showed improvement. The steel sector too owes its resurgence to Exports. With the import demand in China of almost 30 Million tonnes which is more or less the same as the total installed capacity in India for the production of steel, China was the major factor in rising steel prices globally. The world Steel production in 2002 increased by 6% and at 902 Million Tonnes. It was the best ever year in terms of consumption of steel.

OPERATION MANAGEMENT

1. Restructuring of Technical Management

The Company restructured Technical Management by infusion of competent technical personnel drawn from various fields. The plant achieved the objective, which is effectively put in, in all areas of Rolling and Process operations.

Production facilities are fully geared with the competent technical personnel covering the

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President, Director (Works), Director (Marketing) and Director (Technical) to channelise the intended objectives through the various operations, covering from raw materials to finished products.

2. Technical Productivity and Quality

Delay in availability of H.R. Coils, trimmed to size, incurring costs outside as well as the availability of Coils in random widths needing immediate requirements for coating operations has been contained by judicious planning of side trimming of hot rolled raw materials to correct width and standardized coil inner diameter to ensure the maximum speed of pickling operations and reduced down time due to coil ID change over in the Pickling section, eliminating side trimming difficulties at the pickling operation.

- i) In keeping with environmental standards, the emissions have been cut down to much below the environmental limits set for HCI escape, resulting in longevity of adjoining structures from attack by corrosive discharges.
- ii) **Continuous Galvanizing Line** has been the focus of improvement in energy conservation and increased heat treatment output by way of re-arranging the existing equipment in furnace and improved gadgets at the air wiping system for meeting the required needs of the treatment of the processed stock, which are vital for the Colour coating line inputs. These are being successfully carried out without any unscheduled shutdowns, avoiding any shortfall in productivity.
- iii) The **Colour Coating Line** is the major flagship product of the Company, exporting Colour coated products worldwide - to the Far-East, Europe and other Western countries, conforming to the international standards. This being the most reliable of its kind in the country, excessive care is continuously exercised by way of minimal efforts in equipping this line with in-house engineered Electronic Controls of the latest version.

3. Quality Control Awareness and Practice

- a) Investigative Quality Control measures have been set up to ensure quality right from the raw material stage i.e. H.R. Coils to ensure the uniformity of the Cold Rolling practice for the products. Further Quality Control measures by way of strip cleanliness at Metal Coating Operations, monitoring of coating thickness to ensure uniformity of coating as well as

optimized coating weights and methodology of continuous feed back communication for corrective measures and precautionary measures have been put into practice.

- b) Yield improvements has further been looked into and standards are set commensurate with international / industrial norms for such operations.

4. Marketing

With the considerable export shipments to export markets, the Marketing set up has been strengthened by way of interaction with several renowned Marketing Consultants to stimulate the growth of the domestic market base, such that the export markets and domestic markets are placed on equal footing at all times.

5. Foreign Collaborative Efforts

M/s BHP, Australia of the BIEC, USA Group as well as the French experts of Metal Coating Operations and European Design Consultants / Designers visited the Plant during this year, which has culminated in the fusion of newer ideas in areas of Design Improvement and in Metal Coating Technology for adaptation in relevant areas.

EXPORTS

The exports during the year under review has been Rs. 13,517.41 Lacs as against Rs. 5,904.54 Lacs for the previous period of 18 months. During the year Company mainly concentrated in the Chinese market and could achieve a substantial breakthrough in this market. There is a tremendous scope for further penetration in the new Export markets subject to competitive margins. Your Company has decided to focus on the Export market and during the current year it will target countries like Italy, Spain, USA, France, Germany, Belgium etc.

FUTURE OUTLOOK

ISO - 9001 - 2000 Certification

The plant is geared itself from the step of ISO-9001-1994 Certification (already acquired) to commit itself with the Quality Policy and other guidelines for submitting to the accreditation of ISO 9001-2000 area in this connection has reached a stage for the audition of the authoritative agencies.

During the current year also the Company is confident of maintaining the same growth rate as of the last year with the additional production capacity. While the strong Chinese demand is expected to continue unabated for at least another couple of years the overall demand for the

steel products is also likely to grow internationally due to the reduction in the subsidy to local steel producers by OECD countries and proposed closing down of the unlivable steel capacity in these countries.

CRM

The Company's Cold Rolled Mill (CRM) project started the commercial production at the beginning of the year. With the starting of CR Mill, the bottleneck faced earlier in obtaining the quality raw material i.e. CR coils has been removed and during the year the mill contributed significantly to the production and sales. The Company has also started getting the orders for sale of CR Coils. The Directors are confident of improving the productivity and efficiency of the CR Mill to achieve an uninterrupted production and quality products.

DIRECTORS

Shri T. Raghavendran, who was the Nominee Director of ICICI Bank Ltd. has been withdrawn as such Nominee Director during the year w.e.f. 30th April 2003. Your Directors place on record his sincere appreciation of the contribution made by Shri. T. Raghavendran as Nominee Director of ICICI Bank Ltd. during his tenure as Director.

Shri M. Sivaramakrishnan who was appointed as a Director in the last AGM held on 20th September 2002, was appointed as the Wholtime Director designated as Director - Technical with effect from 18th December 2002.

Shri Ishwarlal S. Ajmera retires by rotation in the ensuing Annual General Meeting and being eligible offers himself for reappointment.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the operating management, confirm that: -

- I. In the preparation of the Annual Accounts for the Financial Year ended 31 March 2003, the applicable Accounting Standards had been followed.
- II. The Directors have selected such accounting policies and applied them consistently and made judgements

and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit & Loss of the Company for the year ended under review.

- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities.

- IV. The Directors have prepared the Annual Accounts on a going concern basis.

DEPOSITS

The Company has not accepted any deposits within the meaning of Section 58 (A) of the Companies Act, 1956 and the rules made thereunder during the year under review.

AUDITORS

The Company's Auditors, M/s. V. Parekh & Associates, Chartered Accountants, retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished necessary Certificate in terms of Section 224 (1B) of the Companies Act, 1956.

AUDITORS' REPORT

The Auditors in their Report have referred to the notes forming part of the accounts. The said notes are self-explanatory and do not require any further elucidation.

AUDIT COMMITTEE

The Audit Committee has considered and decided to recommend the reappointment of M/s V. Parekh & Associates to the Board of Directors. Your Directors have accepted the recommendation and recommend to the shareholders the reappointment of M/s V. Parekh & Associates, Chartered Accountants, as the Statutory Auditors of the Company.

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

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is as follows:

SHREE PRECOATED STEELS LIMITED**(A) Conservation of Energy**

1. The Company endeavors to improve overall energy efficiency by installing efficient equipments.

The measures for conservation of energy taken during 2002-2003 are as follows: -

- (a) The Company has already implemented some of the energy conservation measures as recommended by the consultants (Andhra Pradesh Productivity Council) like-

Improvement of power factor to near UNITY (0.99 +) by installing a 700 KVA capacitor bank at a cost of Rs.2.00 Lacs. This has generated a saving of Rs. 8.40 Lacs in 2002-03 by getting a 5 % rebate from MSEB.

- (b) As a part of the energy conservation drive we have installed a "Mist cooling pond system" as against the conventional Paharpur cooling towers. Thus saving on the cost of running the cooling fans of 12.5 HP each X 2 fans = 25 HP or 19 kWh which amounts to Rs. 5.50 Lacs per year.
 - (c) Wherever possible we have removed the partitions and have installed transparent sheets in the roof to let in more natural light. This has saved us nearly Rs.1.20 Lacs per year.
2. Total energy consumption and energy consumption per unit of production.

I. POWER AND FUEL CONSUMPTION

	CURRENT YEAR AS ON 31.03.2003	PREVIOUS PERIOD AS ON 31.03.2002
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1. Electricity

Purchase Units (KWH)	2,19,27,278	2,29,86,610
Total Amount (Rs.)	8,99,22,329	10,25,38,610
Rate/Unit (Rs.)	4.10	4.46

2 LPG

Purchase Units (MT)	3294	3,032
Total Amount (Rs.)	6,13,02,033	5,06,01,663
Rate/Unit (Rs.)	18,611	16,690

II. CONSUMPTION PER UNIT OF PRODUCTION

Units of Production (MT)	1,94,709	95,278
Power (Units/MT)	112.62	241.26
LPG (Kgs./MT)	16.92	31.82

Environment

Your Company is glad to report that it continues to ensure that the air, water and other environmental standards are achieved as per the prescribed norms. Following is the report, which presents the summary of the standard achieved in relation to those prescribed :-

(a) Air Pollution level:

Parameter	Unit	MPCB norms	Compliance
SPM	Mg/m ³	150	133.6
Acid mist	Mg/nm ³	35	21
SO ₂	Kg/day	200	122
SO ₂ (Process)	PPM	50	15.4
Nox	Mg/m ³	50	Nil

b) Waste water discharge:

Parameter	Unit	MPCB norms	Compliance
Ph	-	7- 8.5	7.8
BOD	Mg/lit	30	28
COD	mg/lit	250	190
TSS	mg/lit	100	95
TDS	mg/lit	2100	1874
Chlorides	mg/lit	600	280
Sulphate	mg/lit	1000	937
Zinc	mg/lit	5.0	Nil
Hex Chromium	mg/lit	0.1	Nil
Tot. Chromium	mg/lit	2.0	Nil
Per. Sodium	-	50	42
Total Metal	mg/lit	10	Nil
Oil & Grease	mg/lit	10	Nil

The above parameters are as per requirements of MPCB consent No. BO/ROP/PUNE - 127 / R/ CC/ 428 dt. 02.08.2001.

(B) Technology Absorption**(i) R & D**

The Company has successfully carried out trials for producing cold rolled coils and further trials for thinner gauge rolling are in progress on CRM II, Which has been commissioned in April 2003. We have also installed a non-contact Gammà Ray Zinc coating thickness measurement gauge, whereby we can now monitor and ensure optimum zinc coating.

(ii) Technology Absorption & Innovation

The Company has successfully absorbed the technology to produce high quality Cold Rolled, Galvanized as well as Colour coated steel coils to cater to diverse domestic and international markets. Trials of galvanizing on hot rolled pickled and skin passed substrate have been successful and a bright future is anticipated in this sector.

(iii) Benefit Derived

Due to the on going improvement activities, the Company is confident of supplying better quality cold rolled steel, both galvanized and Colour coated, to its customers at competitive prices. This would go a long way in improving the customer relations thereby earning infinite benefits to the Company.

C) FOREIGN CURRENCY EARNINGS & OUTFLOW**(i) Activity relating to Exports**

Action has been initiated for widening the product range of value added products in export markets. The Company's physical exports during the year are Rs. 13,517.41 Lacs compared to previous period of Rs. 5,904.54 Lacs.

(ii) Foreign Exchange - Inflow & Outflow

	(in Rupees)	
	As on	As on
	31.03.2003	31.03.2002
	(12 Months)	(18 Months)
Inflow	1,35,17,40,576	59,04,54,299
Outflow		
(a) Travelling Expenses	21,83,639	29,90,554
(b) Interest Charges	NIL	16,25,61,031
(c) Repairs & Maintenance	5,07,087	15,64,276
(d) Membership Books & Periodicals	1,42,000	2,00,884
(e) Sales Commission	1,57,19,425	2,79,323
(f) Sales Promotion	NIL	94,129
(g) Legal & Professional Charges	16,80,999	NIL

INDUSTRIAL RELATIONS

Industrial Relations during the year under review witnessed attitudinal metamorphosis in the relationship between the workers and management from confrontation to collaboration. There was a total

understanding of the management objectives by the workers, which manifested in record production, Spartan discipline and proactive participation in management functions.

HUMAN RELATIONS

The sweeping changes in the HR policies and the processes initiated in the preceding year resulted in ensuring the company's manifesto of a high performing organization. The inception of the Performance Based Scheme as also the introduction of Performance Linked Incentive Scheme was received with enthusiasm and infused dynamic synergy in the work culture, resulting in record breaking qualitative and quantitative improvement in production performance. The period also saw inception of HR training with emphasis on multiskilling, specialization and continuous improvement. The response was overwhelming heralding the emergence of healthy, dynamic and congenial environment.

PARTICULARS OF THE EMPLOYEES

During the year, no employee of the Company was in receipt of remuneration exceeding the sum prescribed under Section 217 (2A) of the Companies Act, 1956. Hence, furnishing of particulars under the Companies (Particulars of employees) Rules, 1975 does not arise.

COMPLIANCE CERTIFICATE

The certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is attached to this Report.

ACKNOWLEDGEMENT

The Directors wish to thank the Customers, Dealers, Bankers, Financial Institutions, the Central & State Governments, Semi Government Bodies and Reserve Bank of India for their continuous support. They also take this opportunity to record their appreciation of the contribution made by all employees to the operations of the Company during the year under review.

By order of the Board of Directors

For **SHREE PRECOATED STEELS LTD.**

C. S. AJMERA

Chairman & Managing Director

Date : 10th June 2003

Place: Mumbai