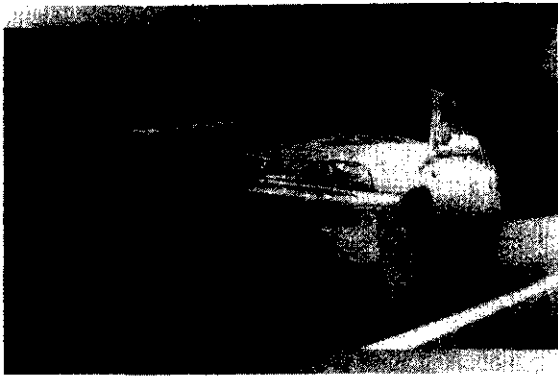


# ANNUAL REPORT 1998 - 1999

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**NEXIA****Cielo****Matiz**

At Daewoo Motors we enter the new millennium with the commitment to provide India with the state of art technology and unmatched standards in quality, safety and service. The Nexia, Cielo Executive and Matiz are testimony to this.

Daewoo has constantly tried to stay ahead on the road. That is why even before the Honourable Supreme Court of India's direction on emission norms, Daewoo cars were Euro I & II compliant. Our confidence in our quality, safety, service and technology has now prompted us to offer our Indian customers a 2 years unlimited mileage warranty, an offer unmatched in the industry.

Matiz has won customers hearts all over the world and the rising exports from Korea speak for itself. To cater to International demand for Matiz, the Surajpur plant has been geared up for exports and the first few consignments have been shipped to Sri Lanka and Egypt.

In mid size segment Daewoo Motors has recently launched Cielo Executive and Nexia (powered by 16 Valve Double Overhead Camshaft engine). Daewoo's five years experience in India and constant interaction with 45,000 happy Cielo families has helped us to re-engineer our products to suit Indian climatic conditions, fuel quality & rough road conditions. In the same breath, we are constantly re-engineering our value chain and upgrading our manufacturing technology. Today, our plant at Surajpur boasts of the finest processes, quality measures and people at work. We have invested heavily in globally benchmarked facilities.

The next century is going to be very challenging and exciting. Daewoo Motors is ready to face these challenges with confidence and drive off into the next millennium.

## Board of Directors

**K.H. Nam**  
Chairman

**S.J. Kim**  
Vice Chairman

**S. G. Awasthi**  
Managing Director

**Y. C. Kim** - Dy. Managing Director

**M.S. Bahng** - Dy. Managing Director

**Vipin Malik**  
(IDBI Nominee)

**Radhika S. Minocha**  
(ICICI Nominee)

**Vivek Bharat Ram**

**Y. N. Wang**

**J. K. Lim**

HOD (Co. Law & Legal) & Company Secretary

B. S. Bhargava

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### Bankers

American Express Bank Limited  
Canara Bank  
Citibank, N.A.  
Corporation Bank  
HDFC Bank Limited  
Indian Overseas Bank  
IndusInd Bank Limited  
Oriental Bank of Commerce  
Punjab National Bank  
Societe Generale  
State Bank of India  
State Bank of Patiala  
Times Bank Limited  
Union Bank of India

### Auditors

Bharat S Raut & Co.  
Chartered Accountants

### Registered Office

33, Siri Fort Road  
New Delhi - 110049

### Works

A-1, Surajpur Industrial Area,  
NOIDA-Dadri Road, Tehsil Dadri  
Distt. Gautam Budh Nagar - 203207, (U.P.)

## NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Company will be held on Thursday, the 18 November 1999, at 10.30 A.M. at the Air Force Auditorium, Subroto Park, New Delhi-110010 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March 1999 and the Profit and Loss Account for the year ended on that date and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. S.J. Kim, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M.S. Bahng, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

### SPECIAL BUSINESS

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

"RESOLVED that pursuant to Section 198, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in modification of resolution no.7 passed in the annual general meeting held on 29 October 1998 the approval be and is hereby given to the revision of the minimum remuneration payable to **Mr. S.H. Park, Chairman and Whole-time director** of the Company, with effect from the respective period as set out below till 30 April 1999 in the event of absence or inadequacy of profits, in any financial year as approved by the Central Government

#### a. SALARY :

Rs. / annum	
1998-99	1999-2000 onwards
941000	2923200

- b. **PERQUISITES** : House rent allowance/Rental value of Company leased accommodation/ monetary value of accommodation, Taxable value of car for personal use, Taxable value of Hard Furnishings, Personal accident Insurance Premium and Medical allowance etc., the monetary value of which would not exceed :

Rs./annum

1998-99	1999-2000 onwards
2686640	794256"

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

"RESOLVED that pursuant to Sec 269, 310 & 198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and other authorities as may be required, the approval of the Company be and is hereby given to the appointment of **Mr.K.H.Nam as the Chairman and Whole-time Director** of the Company for a period of five years with effect from 30 April 1999 on the terms and conditions and minimum remuneration payable in the event of absence or inadequacy of profits, in any financial year as set out below and as may be approved by the Central Government.

- a. **SALARY** : Rs.3062400 p. a.

- b. **PERQUISITES** : House rent allowance/Rental value of Company leased accommodation/ monetary value of accommodation, Taxable value of car for personal use, Taxable value of Hard Furnishings, Personal accident Insurance Premium and Medical allowance etc., the monetary value of which would not exceed Rs. 794256 p. a."

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

"RESOLVED that pursuant to

Section 198, 310, 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in modification of resolution no.7 passed in the annual general meeting held on 29 October 1998, the approval be and is hereby given to the revision of the minimum remuneration payable to **Mr. S.J. Kim, Vice-Chairman and Whole-time director** of the Company, with effect from the respective period, as set out below, during the period of his tenure of appointment/re-appointment, in the event of absence or inadequacy of profits, in any financial year as approved by the Central Government

#### a. SALARY :

Rs. / annum

1998-99	1999-2000 onwards
857000	2419200

- b. **PERQUISITES** : House rent allowance/Rental value of Company leased accommodation/ monetary value of accommodation, Taxable value of car for personal use, Taxable value of Hard Furnishings, Personal accident Insurance Premium and Medical allowance etc., the monetary value of which would not exceed :

Rs./annum

1998-99	1999-2000 onwards
2215284	989256"

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

"RESOLVED that pursuant to Section 198, 310, 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in modification of resolution no.6 passed in the annual general meeting held on 29 October 1998 the approval be and is hereby given to the revision of the minimum remuneration payable to **Mr. S.G. Awasthi, Managing Director and Whole-time director** of the Company, with effect from the respective period as set out below, during the period of his tenure of



appointment/reappointment, in the event of absence or inadequacy of profits, in any financial year as approved by the Central Government.

a. **SALARY** : On the existing basis @ Rs.540000 p. a.

b. **PERQUISITES** : House rent allowance/Rental value of Company leased accommodation/ monetary value of accommodation, Taxable value of car for personal use, Taxable value of Hard Furnishings, Personal accident Insurance Premium and Medical allowance etc., the monetary value of which would not exceed :

Rs. / annum	
1998-99	1999-2000 onwards
779851*	1393860*

\* In addition to above, he is entitled to Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax, 1961. Gratuity is payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure."

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

"RESOLVED that pursuant to Section 198, 310, 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in modification of resolution no.7 passed in this regard in the annual general meeting held on 29 October 1998 the approval be and is hereby given to the revision of the minimum remuneration payable to Mr. U. I. Ko, Dy. Managing Director and Whole time director of the Company with effect from the respective period as set out below, till 30 September 1999, in the event of absence or inadequacy of profits, in any financial year as approved by the Central Government

a. **SALARY** :

Rs. / annum	
1998-99	1999-2000 onwards
680400	1814400

b. **PERQUISITES** : House rent allowance/Rental value of Company leased accommodation/ monetary value of accommodation, Taxable value of car for personal use, Taxable value of Hard Furnishings, Personal accident Insurance Premium and Medical allowance etc., the monetary value of which would not exceed :

Rs./annum	
1998-99	1999-2000 onwards
984875	277056"

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

"RESOLVED that pursuant to Section 198, 310, 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in modification of resolution no.7 passed in the annual general meeting held on 29 October 1998 the approval be and is hereby given to the revision of the minimum remuneration payable to Mr. Y.C. Kim, Dy. Managing Director and Whole-time director of the Company, with effect from the respective period, as set out below, during the period of his tenure of appointment/reappointment, in the event of absence or inadequacy of profits in any financial year as approved by the Central Government

a. **SALARY** :

Rs. / annum	
1998-99	1999-2000 onwards
655200	1612800

b. **PERQUISITES** : House rent allowance/Rental value of Company leased accommodation/ monetary value of accommodation, Taxable value of car for personal use, Taxable value of Hard Furnishings, Personal accident Insurance Premium and Medical allowance etc., the

monetary value of which would not exceed :

Rs./annum	
1998-99	1999-2000 onwards
1297359	320616"

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

"RESOLVED that pursuant to Section 198, 310, 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in modification of resolution no.7 passed in this regard in the annual general meeting held on 29 October 1998, the approval be and is hereby given to the revision of the minimum remuneration payable to Mr. M.S. Bahng, Dy. Managing Director and Whole-time director of the Company, with effect from the respective period as set out below, during the period of his tenure of appointment/reappointment, in the event of absence or inadequacy of profits, in any financial year as approved by the Central Government .

a. **SALARY** :

Rs. / annum	
1998-99	1999-2000 onwards
601600	1411200

b. **PERQUISITES** : House rent allowance/Rental value of Company leased accommodation/ monetary value of accommodation, Taxable value of car for personal use, Taxable value of Hard Furnishings, Personal accident Insurance Premium and Medical allowance etc., the monetary value of which would not exceed :

Rs./annum	
1998-99	1999-2000 onwards
1233600	392460

RESOLVED FURTHER that pursuant to Sec 269, 309 & 198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central

Government and other authorities as may be required, the approval of the Company be and is hereby accorded to the re-appointment of **Mr.M.S.Bahng as Dy. Managing Director and Whole-time director** of the Company for a period of five years with effect from 27 October 1999 on the existing terms and conditions as set out herein."

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

"RESOLVED that pursuant to Section 198, 310, 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in modification of resolution no.7 passed in the annual general meeting held on 29 October 1998 the approval be and is hereby given to the revision of the minimum remuneration payable to **Mr. C.M. Song, Dy. Managing Director and Whole-time director of the Company**, with effect from the respective period till 31 August 1999 as set out below, in the event of absence or inadequacy of profits, in any financial year as approved by the Central Government.

a. **SALARY:**

Rs. / annum	
1998-99	1999-2000 onwards
601600	1411200

- b. **PERQUISITES** : House rent allowance/Rental value of Company leased accommodation/ monetary value of accommodation, Taxable value of car for personal use, Taxable value of Hard Furnishings, Personal accident Insurance Premium and Medical allowance etc., the monetary value of which would not exceed :

Rs./annum	
1998-99	1999-2000 onwards
923828	445260".

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

"RESOLVED FURTHER that pursuant to Sec 269, 309 & 198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and other authorities as may be required, the approval of the Company be and is hereby given to the appointment of **Mr.J. K. Lim**, in the casual vacancy caused by the resignation of **Mr.C.M. Song**, as Whole-time Director of the Company with effect from 24 September 1999 to 26 March 2002 on the terms and conditions and minimum remuneration as set out below in the absence or inadequacy of profits, in any financial years as may be approved by the Central Government.

a. **Salary** : Rs.1272000 p. a

- b. **Perquisites** : House rent allowance/ Rental value of Company leased accommodation/ monetary value of accommodation, Taxable value of car for personal use, Taxable value of Hard Furnishings, Personal accident Insurance Premium and Medical allowance etc., the monetary value of which would not exceed Rs.347004 p. a."

14. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that subject to such provisions, consents, sanctions and permissions as may be required, consent of the Company be and is hereby accorded in pursuance of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, ("the Act") and other laws, in favour of the Board of Directors of the Company to issue, offer and allot, equity Shares of Rs.10/- each, pursuant to the Company's Memorandum and Articles of Association to Daewoo Motor Company Ltd., Korea, at a price of Rs.16.04 (Rupees sixteen and four paise only) as determined in accordance with the guidelines

issued by SEBI, by way of preferential allotment without offering the same to the existing share holders, subject to the condition that the aggregate amount of the issue which may be made in one or more tranches in terms of this authorisation, if any, shall not exceed Rupees equivalent of US \$ 100 Million.

RESOLVED FURTHER that for the purposes of giving effect to the above resolution the Board be and is hereby authorised, inter-alia, from time to time to finalise the terms and conditions of the issue, including the total amount of issue, nominal value, amount of premium etc. and to make or carry out any alterations or modifications to the terms so finalised as it may consider necessary in the interest of the Company and/or as suggested or recommended by any of the concerned authorities/agencies without requiring any further approval of the Members and further to do all such acts, deeds, matters and things as the Board may in its absolute discretion, consider necessary, expedient, usual or proper and to settle all or any questions or remove any difficulty that may arise in implementing the resolution and utilisation of the proceeds of the issue."

New Delhi      By Order of the Board  
October 20, 1999      B.S. Bhargava  
HOD (Co. Law & Legal)  
& Company Secretary

Notes:

1. Relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of resolutions set out under items 5 to 14 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY

NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

3. The Register of Members of the Company will remain closed from 22 October 1999 to 18 November 1999 (both days inclusive).
4. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except holidays, between 11.A.M. and 1.00 P.M. upto 17 November 1999.

5. The Company's shares are listed with Delhi, Mumbai, Calcutta and Madras Stock Exchanges. The Company has paid the annual listing fee for the year 1999-2000 to all the above Stock Exchanges.
6. Members are advised to intimate their folio numbers, if more than one, for the purpose of consolidation of their holdings into one folio which will result in less paper work and better service to them and in economising avoidable cost to their Company.
7. No gifts will be distributed in the annual general meeting.
8. Members desiring any information in regard to accounts are requested to write to the Company at least 15

days before the date of annual general meeting to enable the management to keep the information ready.

9. Members attending the annual general meeting or requested to bring with them the following :
  - a) Copy of the annual report as no copies thereof would be distributed at the meeting.
  - b) The attendance slip, duly completed and signed in terms of specimen signature lodged with the Company.

Attendance slips of members not personally attending the meeting will not be accepted from any other member/person.

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## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF SPECIAL BUSINESS:

#### Item No. 5 & 7 to 12

The existing minimum remuneration payable to the managerial personnel is inadequate considering their experience and background, the size of the Company and that this Company is part of a multinational Corporation having international business connotations, remuneration paid by other automobile units and MNCs to their managerial personnel etc. The Central Government on the application submitted by the Company, has approved the minimum remuneration as indicated in each resolution.

In the case of Mr. S.H. Park, Mr. U.I. Ko and Mr. C.M. Song they have drawn remuneration up to their dates of resignation i.e. 30 April 1999, 30 September 1999 and 31 August 1999 respectively.

The existing term of Mr. Bahng as Dy. Managing Director and Whole time director is expiring on 26 October 1999. He has been re-appointed as the Dy. Managing Director and Whole-time director by the Board for another term of five years w.e.f 27 October 1999.

This may be treated as an abstract and memorandum as required U/s 302 of the Companies Act, 1956.

None of the directors is interested in said resolutions except in the resolution that relates to him in regard to revision of his minimum remuneration and/or his re-appointment.

#### Item No. 6

Mr. K.H. Nam has been appointed as the Chairman & Whole-time director of the Company in place of Mr. S.H. Park with effect from 30 April 1999 on the same terms and conditions as was applicable to Mr. Park. Mr. Nam joined Daewoo Corporation in 1973 and has held senior positions in the management. He was the Head of Europe Exports in 1992 and later became the Executive Managing Director. In 1994, he was the Head of Overseas Operations. Prior to joining this Company, he was the Chairman-Morocco Regional Headquarters.

This may be treated as an abstract and memorandum as required U/s 302 of the Companies Act, 1956.

None of the directors except Mr.K.H. Nam is interested in the said resolution .

#### Item No. 13

The Board in its meeting held on 24 September 1999 has appointed Mr. J.K. Lim as Whole-time director, in the casual vacancy caused by the resignation of Mr. C.M.Song. He would hold office upto 26 March 2002. Mr. Lim has been working as Director-Finance in the Company

since 1996. Your directors recommend his appointment as Whole-time Director.

This may be treated as an abstract and memorandum as required U/s 302 of the Companies Act, 1956.

None of the Directors except Mr. J.K.Lim is interested in the resolution.

#### Item No. 14

In order to improve the debt equity ratio and financial position of the Company, the Daewoo Motor Company Limited, Korea, has agreed to infuse additional equity to the extent of US \$ 100 Million. The requisite approvals for implementing the resolution have been received from the Central Government and the Reserve Bank of India.

There will be no change in the management consequent to the additional issue of equity.

A Certificate from the statutory auditors stating that the issue, as proposed, if made on private placement basis would meet the applicable guidelines of SEBI will be placed at the Annual General Meeting.

None of the Directors is interested in the said resolution .

New Delhi  
October 20, 1999

By Order of the Board  
B.S. Bhargava  
HOD (Co. Law & Legal)  
& Company Secretary



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 16th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999.

### FINANCIAL RESULTS

	(Rs. Lacs)	
	1998-99	1997-98
Sale of Products and other Income	38735	44193
Sale of Products and spare parts	37132	38350
Profits before Interest, depreciation and misc. expenses written off	2181	(713)
Interest	2146	336
Provision for Depreciation	1817	1779
Misc. expenses written-off	2231	1445
Net profit after tax for the year	(4013)	(4273)
Balance brought forward from the previous year	(3793)	480
Balance carried forward	(7806)	(3793)

### OPERATIONS

During the year under report, the Company has suffered a loss of Rs. 4013 Lacs and the accumulated loss stood at Rs. 7806 Lacs as on 31st March, 1999. This loss is mainly due to the lower capacity utilisation on account of stiff competition being faced by the Company from the existing and new entrants in the automobiles market.

Your company launched a small car, namely, 'Matiz' in October, 1998 and a mid size car, namely, 'Nexia' in April, 1999. The earlier model 'Cielo' has been upgraded and is presently marketed under the brand name 'Cielo Executive'. All these vehicles have been well received in the market and their demand is increasing. It may be added that 'Matiz'

has received several recognition and awards world over e.g. "THE BEST SMALL CAR FOR DESIGN" in U.K. Motor Show, October, 1998 and "WORLD'S MOST BEAUTIFUL AUTOMOBILE" in Milan, Italy in October, 1998. Cielo and Matiz owner base on Indian roads, at present, is around 45000 and 14000 respectively.

As you may kindly be aware that all the products of your Company are meeting Euro I and Euro II emission norms right from the day one.

Your company has pioneered several 'firsts' in the automobiles market of India and is only one of its kind to have introduced special services like 'HELPLINE', 'HAPPY CALL CENTRE' and 'SUPER PARTS SERVICE' to create a world class customer friendly approach to service and spares availability. The present network is 98 Dealers and 80 Authorised Service Centres all over the country.

### PRODUCTION AND SALES

The production and sales figures for Cars and LCVs, for the year 1998-99, are as under :

	CARS	LCVs
Production (Nos.)	8518	40
Sales (Nos.)	8401	89
Sales Value (Rs. Lacs)	34103	336

### EXPORTS

Your Directors are happy to report a major break through in export of passenger cars. A consignment of 300 Matiz has been despatched to Egypt recently. Matiz is being exported to Sri Lanka in small numbers. Export of Engines and Transaxles to Daewoo, Korea, has continued. The total value of exports since 1995 is around US\$79 Million.

### PROSPECTS

Daewoo is committed to Indian car market and has identified automobiles manufacturing and marketing as its core business activity and is moving close to its ambitious target of selling 2.5 million cars by the turn of the century. Your

Company is one of its major production and sourcing base for cars and components. With the continuing increase in the Matiz sale and export of Cars, Engines and Transaxles, your Company hopes to achieve a substantial increase in its turnover for the year. Plans are afoot to bring in new and modern vehicles in all the segments of the market.

### COMPONENT INDIGENISATION

Localisation of components is vital to cost of production and immunisation from exchange rate fluctuations. Your company has entered into joint ventures with several vendors for localising components. This process is continuing. The Cielo and Nexia have been indigenised to the extent of about 92% while Matiz has a local content of 74% at present.

### PARIVARTAN (INNOVATION) PROGRAMME

The Company has continued with its Parivartan programme, launched in 1997 and its main focus, presently, is on implementation and monitoring of innovation activities to support and achieve its business plan targets. As indicated in the earlier reports, the primary objective of the PARIVARTAN Programme is to effect an overall improvement in the work culture and achieve higher productivity. The Company has obtained the initial assessment certificate required for effecting exports. All out efforts are being made to achieve ISO 9002 at the earliest.

### FIXED DEPOSITS

The Company did not invite any deposit during the year. There were no deposits for which payments were claimed but not paid.

### INFORMATION TECHNOLOGY AND Y2K PREPAREDNESS

The Company has already established a communication network by way of leased link to internet through VSNL for implementation of cost effective messaging system and web based applications to be accessed by business partners, customers and various



agencies concerned. All Regional Sales Offices are connected through V-SAT link.

The Company has achieved Y2K readiness on all essential hardware and software used in its manufacturing process, laboratories and offices by taking necessary upgradation / replacement / redemption measures. Testing has been successfully carried out. The Company has also prepared a comprehensive contingency plan.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

A statement giving details of conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given at Annexure 'A' to the Report.

#### **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956, Mr. S.J. Kim and Mr. M.S. Bahng retire by rotation and being eligible offer themselves for re-appointment. Mr. S. H. Park resigned with effect from 30th April, 1999 and in his place Mr. K.H. Nam has been

appointed as the Chairman and whole time director with effect from the said date. Mr. C.M. Song has resigned as Director and Dy. Managing Director with effect from 31st August, 1999. The Board has placed on record its deep appreciation for the valuable contribution made by each of them during their tenure. Industrial Development Bank of India (IDBI) has nominated Mr. Vipin Malik as a Director on the Board of the Company with effect from 17th June, 1999.

#### **AUDITORS**

M/s Bharat S Raut & Co., the Statutory Auditors of the Company retire at the conclusion of the 16th Annual General Meeting and being eligible offer themselves for re-appointment.

#### **AUDITORS' OBSERVATIONS**

The Auditors' observations are self explanatory and are also suitably explained in the notes to the accounts nos. 15, 16, 17, 21, 22 and 24.

#### **INDUSTRIAL RELATIONS**

During the year industrial relations of the Company continued to be cordial. Productivity and efficiency improvements were effected with the help of the Business Innovation activities which

include a change / improvement in mind set, work area and time management.

The particulars of employees as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March, 1999 are given in Annexure 'B' to the Report.

#### **ACKNOWLEDGEMENT**

Your Directors would like to place on record their sincere gratitude for the continued support and cooperation received from the Central Government, State Government of U.P., District Administration, Shareholders, Financial Institutions, Bankers, Vendors, Suppliers and other agencies and associates of the Company. They also acknowledge their deep appreciation for the contribution and efforts made by the employees at all levels to the operations of the Company.

For and on behalf of the Board

K.H. NAM  
Chairman

S.G. AWASTHI  
Managing Director

New Delhi  
September 24, 1999.

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