

Essar Steel Limited

Report



2003-2004



*28th Annual Report
2003-2004*

ESSAR

Essar Steel Limited

BOARD OF DIRECTORS

Shashi Ruia	<i>Chairman</i>
Ravi Ruia	<i>Vice-Chairman</i>
Prashant Ruia	<i>Managing Director</i>
Vikram Amin	<i>Executive Director</i>
V. G. Raghavan	<i>Director (Finance)</i>
Jatinder Mehra	
S. V. Venkatesan	
Sanjeev Shriya	
Jitender Balakrishnan	<i>Nominee- IDBI</i>
G. A. Nayak	<i>Nominee-UTI</i>
G. D. Goswami	<i>Nominee-ICICI Bank Ltd.</i>
N. B. Vyas	<i>Company Secretary</i>

REGISTERED OFFICE

Post : Hazira Pin: 394 270
Dist : Surat
Gujarat
Tel. : 0261 - 2872400
Fax : 0261 - 2872796

CORPORATE OFFICE

Essar House
11 Keshavrao Khadye Marg
Mahalaxmi
Mumbai 400 034

BANKERS

State Bank of India
Punjab National Bank
Bank of India
Allahabad Bank
State Bank of Patiala
State Bank of Mysore
Indian Bank
State Bank of Saurashtra
State Bank of Indore
Sumitomo Mitsui Banking Corporation
Export Import Bank of India

AUDITORS

M/s. B.P. Jain & Co.
Chartered Accountants
A-16, Everest, Tardeo Road
Tardeo, Mumbai- 400 034

SOLICITORS

M/s. Crawford Bayley & Co.
State Bank Buildings
NGN Vaidya Marg
Mumbai 400 023

TRANSFER AGENTS

Data Software Research Co. Pvt. Ltd.
Sree Sovereign Complex
No. 22, 4th Cross Street
Trustpuram, Kodambakkam
Chennai 600 024
Tel.: 044 - 24834487 / 3738
Fax: 044 - 24834636
E-mail: dsr cmd@md3.vsnl.net.in

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[http:// www.essar.com](http://www.essar.com)

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Please send in your email addressed to webmaster@essar.com to keep you informed about the progress of the company.

NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of **ESSAR STEEL LIMITED** will be held at the Registered Office of the Company at Post: Hazira Pin: 394 270, Dist.: Surat, Gujarat on **Saturday, August 7, 2004 at 2.30 p.m.** to transact, the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at March 31, 2004 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 the place of Shri. S N Rula who retires by rotation as a Director and, being eligible, offers himself for reappointment
3. To appoint a Director in the place of Shri. Sanjeev Shriya who retires by rotation, as a Director and, being eligible, offers himself for reappointment
4. To appoint M/s B P Jain & Co., Chartered Accountants, as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass, with or without modification(s), the following as Special Resolutions:

"RESOLVED THAT pursuant to Sections 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, permissions, consents and sanctions as may be necessary from the Government of India (GOI), Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and / or any other competent authorities and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company are listed and in accordance with the guidelines issued by the GOI, RBI, SEBI and / or any other competent authorities and clarifications thereof, issued from time to time, and subject to all such other approvals, permissions, consents and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any committee constituted / to be constituted by the Board for exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot such number of equity/preference shares and/or Foreign Currency Convertible Bonds (FCCBs) and/or Fully/Partially Convertible Bonds/Debentures/Loans and/or Depository shares/Receipts and/or any other instruments/securities in the nature of Shares/Debentures/Bonds and/or warrants, naked or otherwise, convertible into Shares or otherwise, either in registered or bearer forms, and/or any such securities convertible into equity shares of Rs.10/- each or otherwise (hereinafter referred to as financial instruments) or any combination of the financial instruments in the International / Domestic Market, through Prospectus, Offer Letter, Circular, or through any other mode as the case may be from time to time, in one or more tranches, whether within India or outside India, with or without premium, whether rupee denominated or denominated in any foreign currency as may be deemed appropriate by the Board for an amount not exceeding US\$200 million or equivalent sum in Indian Rupees to members, promoters, strategic investor(s), debenture-holders, employees, financial institutions, banks, mutual funds, foreign investors, non-resident Indians, overseas corporate bodies (OCBs), foreign institutional investors (FIIs), multilateral Agencies, venture capital funds, companies private or public

and other entities or any other person or one or more combinations thereof, on such terms and conditions (including pricing, rate of dividend, amount of premium, if any, at the time of conversion/redemption, conversion/redemption period, manner of conversion/redemption and matters incidental thereto) as the Board may in its sole discretion decide."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid and to settle any question, query, doubt or difficulty that may arise in this regard including the power to allot under subscribed portion, if any, in such manner and to such person(s) as the Board, may deem fit and proper in its absolute discretion to be most beneficial to the Company."

6. To consider and, if thought fit, to pass with or without modification(s), the following as Special Resolutions:

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) and clarifications thereon issued from time to time and subject to the approval of the Financial Institutions (FIs), if required, and all such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, issue and allot 0.01% Cumulative Convertible Preference shares and/or Equity shares and/or Fully/Partially/ Optionally Convertible Bonds/Debentures and/or any other instruments/securities in the nature of Shares/Debentures/ Bonds and/or warrants, naked or otherwise, convertible into Shares or otherwise, with or without premium for an amount not exceeding Rs. 38,00,00,000 (Rupees Thirty Eight crores only) to the promoters, Essar Investments Limited and / or any person acting in concert with it, whether or not they are members of the Company, on preferential allotment basis against settlement of the unsecured loan extended by the promoters to the Company, to the extent and in one or more tranches and in the manner as may be decided by the Board in this behalf.

RESOLVED FURTHER THAT

- i. The 0.01% Cumulative Convertible Preference shares/equity shares/ financial instruments to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- ii. If any equity shares are issued and allotted, directly or upon conversion of any financial instrument, such shares shall rank pari passu with the existing equity Shares of the Company, except that for the financial year in which they are issued and allotted, they shall rank only for pro-rata dividend for the period during which such capital is so paid up;
- iii. The relevant date as per clause 13.1.2.2 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 for the determination of applicable price, if any equity shares are allotted, directly or upon conversion of any financial instrument, is July 8, 2004;

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- iv. The equity shares if so issued and allotted, directly or upon conversion of any financial instrument, shall be listed and traded on stock exchanges.
- v. For the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for making the said issue as aforesaid and to settle any question, difficulty or doubt that may arise in this regard including the power to allot over subscribed / under subscribed portion if any, in such manner and to such person(s) as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company.

RESOLVED FURTHER THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) and clarifications thereon issued from time to time and subject to the approval of the Financial Institutions (FIs), if required, and all such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, issue and allot 1% Cumulative Redeemable Preference Shares of Rs.90/- arising upon settlement of 0.01% Cumulative Convertible Preference Shares of Rs.90/- each at the end of eighteen months from the date of allotment of such 0.01% Cumulative Convertible Preference Shares of Rs.90/- each to the then registered holders of such 0.01% Cumulative Convertible Preference Shares of Rs.90/- each."

7. To consider and if thought fit to pass, with or without modification, the following as Special Resolutions:

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) and clarifications thereon issued from time to time and subject to the approval of the Financial Institutions (FIs), SEBI, Reserve Bank of India (RBI) and all other concerned authorities, if any, and all such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee constituted / to be constituted by the Board for exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, issue and allot such number of 0.01% Cumulative Convertible Preference shares and/or Equity shares and/or Fully/Partially/Optionally Convertible Bonds/Debentures and/or any other instruments/securities in the nature of Shares/Debentures/Bonds and/or warrants, naked or otherwise, convertible into equity shares of Rs.10/- each or otherwise (hereinafter referred to as financial instruments) or any combination of the financial

instruments with or without premium, whether within India or outside India as may be deemed appropriate by the Board upto an amount of Rs. 459,00,00,000 (Rupees four hundred and fifty nine crores) to Essar Power Limited (EPL) whether or not it is a member of the Company, on preferential allotment basis in one or more tranches, on such terms or conditions and in such manner as the Board may think fit.

RESOLVED FURTHER THAT

- i. The 0.01% Cumulative Convertible Preference shares/equity shares/ financial instruments to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- ii. If any equity shares are issued and allotted, directly or upon conversion of any financial instrument, such shares shall rank pari passu with the existing equity Shares of the Company, except that for the financial year in which they are issued and allotted, they shall rank only for pro-rata dividend for the period during which such capital is so paid up;
- iii. The relevant date as per clause 13.1.2.2 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 for the determination of applicable price, if any equity shares are allotted, directly or upon conversion of any financial instrument, is July 8, 2004;
- iv. The equity shares if so issued and allotted, directly or upon conversion of any financial instrument, shall be listed and traded on stock exchanges.
- v. For the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for making the said issue as aforesaid and to settle any question, difficulty or doubt that may arise in this regard including the power to allot over subscribed / under subscribed portion if any, in such manner and to such person(s) as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company.

RESOLVED FURTHER THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) and clarifications thereon issued from time to time and subject to the approval of the Financial Institutions (FIs), if required, and all such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, issue and allot 1% Cumulative Redeemable Preference Shares of Rs.90/- arising upon settlement of 0.01% Cumulative Convertible Preference Shares of Rs.90/- each at the end of eighteen months from the date of allotment of such 0.01% Cumulative Convertible Preference Shares of Rs.90/- each to the then registered holders of such 0.01% Cumulative Convertible Preference Shares of Rs.90/- each."

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

"RESOLVED THAT in accordance with the provisions of Section 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956, the authorised share capital of Rs. 5000

crores (Rupees Five Thousand Crores only) divided into 460,00,00,000 (Four hundred sixty crores) equity shares of Rs.10/- (Rupees Ten only) each;

30,00,00,000 (Thirty crores) 0.01% Cumulative Redeemable Preference Shares of Rs.10/- each and

10,00,00,000 (Ten crores) 10% Cumulative Redeemable Preference Shares of Rs. 10/- each be and is hereby reclassified into

352,00,00,000 (Three hundred and Fifty Two crores) equity shares of Rs.10/- (Rupees Ten only) each;

30,00,00,000 (Thirty crores) 0.01% Cumulative Redeemable Preference Shares of Rs.10/- each ;

10,00,00,000 (Ten crores) 10% Cumulative Redeemable Preference Shares of Rs. 10/- each and 6,00,00,000 (Six crores) 0.01% Cumulative Convertible Preference Shares of Rs.90/- each.

6,00,00,000 (Six crores) 1% Cumulative Redeemable Preference Shares of Rs.90/- each.

and consequently, the existing Clause V of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered by deleting the same and substituting in its place and stead, the following new clause V:

"The Authorised Share Capital of the Company is Rs. 5,000 crores (Rupees Five Thousand Crores only) divided into 403,00,00,000 (Four hundred and three crores) equity shares of Rs.10/- (Rupees Ten only) each, 30,00,00,000 (Thirty crores) 0.01% Cumulative Redeemable Preference Shares of Rs.10/- each, 10,00,00,000 (Ten crores) 10% Cumulative Redeemable Preference Shares of Rs. 10/- each, 6,00,00,000 (Six crores) 0.01% Cumulative Convertible Preference Shares of Rs. 90/- each and 6,00,00,000 (Six crores) 1% Cumulative Redeemable Preference Shares of Rs. 90/- each with a power to increase or reduce the same in accordance with the provisions of the Companies Act, 1956."

9. To Consider and, if thought fit, to pass with or without modification(s), the following as Special Resolutions:

"RESOLVED THAT subject to the applicable provisions of the Companies Act, 1956, the Securities Contract (Regulation) Act, 1956, the Securities and Exchange Board of India (SEBI) Act, 1992 and the Rules framed thereunder, the Listing Agreements and all the other applicable laws, rules, regulations, notifications, clarifications and guidelines including the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and any amendments, modifications thereto as may be in force from time to time, and subject to such other statutory and / or contractual approvals, permissions, consents and sanctions as may be required from any relevant authority, including the Stock Exchanges where the Equity Shares and / or other Securities of the Company are listed, and subject to any conditions and / or modifications as may be imposed and / or suggested by the relevant authorities while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any committee constituted / to be constituted by the Board for exercising the powers conferred on the Board by this resolution), in the best interest of the Company, the consent of the Company be and is hereby accorded to the Board to seek voluntary delisting of equity shares and / or other securities from all or any of the following stock exchange(s), where the equity shares and / or other securities of the Company are presently listed, considering the facts that the fees payable to these stock exchanges are disproportionate to the trading volumes thereat and exit opportunity is not required to be given in terms of Clause 5 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 as the equity shares and / or other securities would continue to remain listed on the National Stock

Exchange of India Limited and The Stock Exchange, Mumbai which are having nation-wide trading terminals :

- (i) The Delhi Stock Exchange Association Limited ("DSE");
- (ii) The Calcutta Stock Exchange Association Limited ("CSE");
- (iii) Madras Stock Exchange Limited ("MSE");
- (iv) The Stock Exchange, Ahmedabad ("ASE");
- (v) Vadodara Stock Exchange Limited ("VSE"); and
- (vi) The Bangalore Stock Exchange ("BgSE")

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all the necessary steps in regard to voluntary delisting of equity shares and / or other securities of the Company and to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate in the best interest of the Company, to settle any question, query, doubt or difficulty that may arise in regard to voluntary delisting, and to execute / publish all such notice(s), applications, deeds, agreements, documents, papers, undertakings / bonds and writings as may be necessary or required for giving effect to this resolution".

10. To consider and, if thought fit, to pass with or without modification(s), the following as a Special Resolution:

"RESOLVED THAT in partial modification of the Ordinary Resolution passed by the members at the 26th Annual General Meeting held on March 20, 2003 and pursuant to Section 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, Shri. Vikram Amin be and is hereby appointed as Whole-time Director of the Company for a period of three years with effect from October 31, 2001 on the terms and conditions as set out in the Explanatory Statement annexed to this Notice."

11. To consider and, if thought fit, to pass with or without modification(s), the following as a Special Resolution:-

"RESOLVED THAT pursuant to Section 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals / consents as may be required, Shri V G Raghavan be and is hereby appointed as Director (Finance) of the Company for a period of three years with effect from October 29, 2003 (subject to review by the Board at the end of each financial year) on the terms and conditions as set out in the Explanatory Statement annexed to this Notice."

12. To consider and, if thought fit, to pass with or without modification(s), the following as a Special Resolution:-

"RESOLVED THAT pursuant to Section 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government and subject to such other approvals / consents as may be required, Shri P.S.Ruia be and is hereby appointed as Managing Director of the Company for a period of three years with effect from October 29, 2003 on the terms and conditions as set out in the Explanatory Statement annexed to this Notice."

13. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as Special Resolutions:-

"RESOLVED THAT pursuant to the provisions of Sections 78, 100 to 104 and all other applicable provisions of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company, and subject to the confirmation of the jurisdictional High Court / Tribunal and / or any other regulatory authority as may be prescribed under the Companies Act, 1956 or under any

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other Statute and approval of the Financial Institutions (FIs) and other concerned authorities, if any, and such other approvals, permissions and sanctions, as may be necessary and subject to such conditions, modifications, as may be prescribed or imposed by any of the aforementioned authorities, while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, an amount not exceeding Rs. 1356.30 crores in aggregate out of the balance standing in the Securities Premium Account of the Company as at April 1, 2004 be utilised for the adjustment of the sum of Rs. 1356.30 crores standing to the debit of "Profit and Loss Account" which is the brought forward losses as it stood in the books of the Company as on April 1, 2004.

RESOLVED FURTHER THAT for the purposes of giving effect to the above Resolution and for removal of any difficulties or doubts, the Board of Directors (which term shall include any Committee thereof or any person / persons that the Board may have constituted / nominated or hereinafter constitute / nominate to exercise its powers including powers conferred under this Resolution) be and is hereby authorised to do all acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to utilisation / adjustment of the securities premium account including passing of such accounting entries and / or making such other adjustments in the books of accounts as considered necessary to give effect to the above Resolution or carry out such modifications / directions as may be ordered by the Jurisdictional High Court / Tribunal to implement the aforesaid resolution."

14. To consider and, if thought fit, to pass with or without modification(s), the following as Special Resolutions:

"RESOLVED THAT in terms of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, permissions, consents and sanctions as may be necessary, the consent of the Company be and is hereby accorded to the Board to subscribe to the Zero Coupon Bonds to be issued by Marmagao Steel Limited in conversion of settlement dues payable by them to the Company for an amount not exceeding Rs. 35 crores (Rupees Thirty Five Crores only)

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, consider necessary, proper, expedient, desirable or appropriate in this connection."

Notes:

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the Special Business under Item Nos. 5 to 14 are annexed herewith.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy forms should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
3. Register of Members and Share Transfer Books of the Company will remain closed from August 6, 2004 till August 7, 2004 (both days inclusive).
4. The Chairman of the Audit Committee of Directors shall be present at the Annual General Meeting to answer queries of shareholders arising out of the Accounts of the Company.
5. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
6. Members who have not encashed their dividend warrants for the year ended 31st March, 1997 may approach Company's R & T Agents for revalidating the warrants and/or for obtaining duplicate warrants on or before September 30, 2004.
7. The Company's shares are listed with Ahmedabad, Vadodara, Bangalore, Kolkatta, Delhi, Chennai, Mumbai & National Stock Exchanges. The Company has paid the listing fees for the year 2004-2005 to all the aforesaid Stock Exchanges.
8. Members are requested to notify any change in their address to the Company's R & T Agents, Data Software Research Co. Pvt. Ltd., Sree Sovereign Complex No. 22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai 600 024.
9. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
10. Members desiring any information as regards the Accounts are requested to write to the Company at least 15 days before the date of the meeting, as to enable the management to keep the information ready.

By Order of the Board

Mumbai, July 1, 2004

N. B. Vyas
Company Secretary

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956 the following Explanatory Statement sets out the material facts relating to Item Nos. 5 to 14 mentioned under the heading as SPECIAL BUSINESS:

SPECIAL BUSINESS :

Item No. 5:

The Company needs to raise funds for general corporate purposes, long term working capital requirements and for refinancing so as to bring down the total debt and interest cost. It is estimated that the Company may require upto US\$ 200 million or equivalent sum in Indian Rupees, for the mentioned purposes. The funds can also be used to swap costly Indian Rupee loans with cheaper overseas funds thereby saving the Company the huge interest costs that it is now incurring.

The Board of Directors opine that it would become necessary to raise financial resources at appropriate time(s) by offering and issuing to members, promoters, debentureholders, employees, strategic investor(s), financial institutions, banks, mutual funds, foreign investors, non-resident Indians, overseas corporate bodies (OCBs), foreign institutional investors (FIIs), multilateral agencies, venture capital funds, whether registered in India or not, companies private or public and other entities or any other person or one or more combinations thereof, in one or more tranches and with or without premium, any financial instruments or any combination of the financial instruments for an amount not exceeding US \$ 200 Million or equivalent sum in Indian Rupees.

The detailed terms and conditions for the Domestic and/or International Offer(s) will be determined in consultation with the Lead Managers, Consultants, Advisors, Underwriters and/or such other intermediary agencies as may be appointed for the issue. Wherever necessary and applicable the pricing of the issue will be finalised in accordance with the applicable guidelines, in force of GOI, RBI, SEBI and other relevant authorities.

In terms of provisions of the Companies Act, 1956, consent of the members is required for allotment of further equity shares / FCCBs / financial instruments to any person other than the existing members.

Consent of the members is therefore sought to authorise the Board of Directors to create, offer, issue and allot equity shares and/or FCCBs and/or any financial instruments.

The Directors accordingly recommend the resolution for your approval. None of the Directors of the Company is in any way concerned or interested in the resolution.

Item No: 6

In line with the stipulations of Banks / Financial Institutions the promoters had brought in an amount of Rs. 38 crore as non interest bearing unsecured loan. It is now proposed to convert the said unsecured loan of Rs 38 crores by issue of such 0.01% Cumulative Convertible Preference shares of Rs.90/- each, convertible into equity shares within a period of 18 months from the date of allotment, to Essar Investments Limited and / or persons acting in concert with it.

Disclosures, which are required to be given in terms of clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines on Preferential Issues:

a) The objects of the issue through preferential offer:

The object of the issue is to convert the unsecured interest free loan received from promoters amounting to Rs.38 crores into 0.01% Cumulative Convertible Preference shares convertible into equity shares within a period of 18 months from the date of allotment.

b) Intentions of promoters / directors / key management persons to subscribe to the offer:

The entire issue is envisaged for allotment to Essar Investments Limited and / or persons acting in concert with it. The Directors / Key Management persons of the Company do not directly intend to subscribe to the offer.

c) Share holding pattern before and after the offer (applicable if all the 0.01% Cumulative Convertible Preference shares are converted into equity shares)

Existing Promoters, Essar Investments Limited and / or persons acting in concert with it hold 56.72% and public including financial institutions, banks and mutual funds hold balance 43.28% of the existing equity of 51.18 crore shares. The post allotment shareholding pattern will be as follows:

Essar Investments Limited and / or persons acting in concert with it will hold 58.43% and public including financial institutions, banks and mutual funds will hold balance 41.57% of the then equity of 53.29 crore shares.

In case allotment of equity shares upon conversion of 0.01% Cumulative Preference shares proposed under item no 7 is made then Essar Investments Limited, Essar Power Limited and/ or persons acting in concert will hold 71.88% of the then existing equity of 78.79 crore shares.

This assumed post issue capital excludes impact of proposed reduction of capital by 40% in terms of the petition filed by the Company with Gujarat High Court.

d) Proposed time within which the allotment shall be completed:

The Board proposes to allot the 0.01% Cumulative Convertible Preference shares of Rs.90/- each within a period of fifteen days of the date of passing of this resolution under Section 81(1A) of the Companies Act, 1956, in the Annual General Meeting.

e) The identity of the proposed allottee and the percentage of post preferential issue capital that may be held by them.

The proposed allottee shall be Essar Investments Limited, which upon conversion will hold 39.49% of the post issue capital. In case shares are allotted to Chandrakansh Traders Ltd., a person acting in concert with Essar Investments Limited, it will hold 5.13% of the post issue capital of Rs.532.94 crores.

0.01% Cumulative Convertible Preference shares of Rs.90/- each, if issued, shall have following terms and conditions.

Terms & Conditions

1. The preference shares shall carry a dividend @ 0.01% p.a. from the date of allotment upto a period of 18 months.
2. Each 0.01% Cumulative Convertible Preference share is optionally convertible into five equity share of Rs.10/- each fully paid up at a premium of Rs.8.00 per share at the option of the registered holder within a period of 18 months from the date of allotment.
3. The Board shall be given one month's notice in writing for any conversion by the registered holders of the Preference shares.
4. The Company shall not issue any new shares by way of a rights issue or in any manner during the currency of these 0.01% Cumulative Convertible Preference shares without obtaining consent in writing from registered holders for 90% of such preference shares outstanding.
5. Any changes in the share capital of the Company during the currency of these preference shares shall not result in change in terms of these 0.01% Cumulative Convertible Preference shares except a bonus issue or sub-division of existing shares, in which case the entitlement of the equity shares shall get adjusted accordingly.
6. Preference shares in respect of which no notice for exercising option for conversion has been received by the Board within a period of seventeen months from the date of allotment, shall, after the period of eighteen months; without any act on the part of the registered holders and unless otherwise redeemed earlier; get settled by conversion into/allotment of 1% Cumulative Redeemable Preference shares of Rs.90 each.
7. The day of the expiry of 18 months from the date of allotment of 0.01% Cumulative Convertible Preference shares of Rs.90/- each shall be the deemed date of allotment of new 1% Cumulative Redeemable Preference shares of Rs.90/- each.
8. The new 1% Cumulative Redeemable Preference shares arising out of operation under clause 6 above shall be redeemable at the end of thirteen years and six months at a value of Rs.200/- per share from the deemed date of allotment. The Company shall have option to redeem these 1% Cumulative Redeemable Preference shares any time from the deemed date of allotment at following values.

Essar Steel Limited

Period of redemption	Redemption value per share
After 12 months but before 24 months	Rs.101 less dividend paid till date.
After 24 months but before 36 months	Rs.107 less dividend paid till date.
After 36 months but before 48 months	Rs.113 less dividend paid till date.
After 48 months but before 60 months	Rs.120 less dividend paid till date.
After 60 months but before 72 months	Rs.127 less dividend paid till date.
After 72 months but before 84 months	Rs.135 less dividend paid till date.
After 84 months but before 96 months	Rs.143 less dividend paid till date.
After 96 months but before 108 months	Rs.151 less dividend paid till date.
After 108 months but before 120 months	Rs.161 less dividend paid till date.
After 121 months but before 132 months	Rs.170 less dividend paid till date.
After 132 months but before 144 months	Rs.180 less dividend paid till date.
After 144 months but before 156 months	Rs.191 less dividend paid till date.

9. The Board shall give one month's notice in writing for any redemption to the registered holders of 1% Cumulative Redeemable Preference shares.

10. The terms & conditions for redemption of 1% Cumulative Redeemable Preference shares can be altered with the consent in writing from the registered holders representing 90% of total outstanding 1% Cumulative Redeemable Preference shares and such alteration shall be binding on all the other preference shareholders.

In terms of provisions of the Companies Act, 1956, consent of the members by way of a special resolution is required for allotment of further shares, equity or preference, to any person other than the existing members. Consent of the members is therefore sought to authorise the Board of Directors to create, issue and allot the 0.01% Cumulative convertible preference shares and equity shares or 1% Cumulative Redeemable Preference shares upon conversion.

The Statutory Auditors have certified that this issue of 0.01% Cumulative Convertible Preference shares / equity shares is being made in accordance with the requirement contained in SEBI (Disclosure and Investor Protection) Guidelines, 2000 (as amended from time to time). The said certificate will be placed before the members at the time of the Annual General Meeting.

Your Directors recommend the resolution for your approval.

Shri. S N Ruia, Shri. R N Ruia, Shri. P S Ruia and Shri. S V Venkatesan, are interested or concerned in this resolution.

Item No. 7:

Essar Power Limited has been supplying power to the Company to operate the electric arc furnace and other allied activities. The Company has built up an outstanding due of Rs.459 crores on account of power supplied to the Company by them. The terms of Corporate Debt Restructuring Scheme as approved by the CDR Cell has not addressed the outstanding dues to Essar Power Limited. Neither the lenders nor the Board of Essar Power Limited have accepted this non-inclusion.

The Board of your Company proposes to convert the dues into such number of 0.01% Cumulative Convertible Preference shares and/or equity shares and /or Fully/Partially/ Optionally Convertible Bonds/ Debentures and/or any other instruments/securities in the nature of Shares/Debentures/Bonds and/or warrants, naked or otherwise, convertible into Shares or otherwise, and/or any such securities convertible into equity shares of Rs.10/- each or otherwise (hereinafter referred to as financial instruments) or any combination of the financial instruments with or without premium for an amount not exceeding Rs.459,00,00,000 (Rupees four hundred and fifty nine crores) to Essar Power Limited (EPL) and /or any one or either or a combination of its nominees, associate or group companies, whether or not they are members of the Company, on preferential allotment basis in one or more tranches, on such terms or conditions and in such manner as the Board may think fit, so that these dues are extinguished. This proposal is expected to meet with a favorable response both from the lenders and Board of Essar Power Limited.

The conversion as above will benefit the Company in the following manner:

- Clearance of liabilities of Rs.459 Crore without impacting the cash flows;
- Reduction in debt of Rs.459 crore resulting in equal addition to net worth of the Company and reduction in the debt-equity ratio leading to an improved Balance Sheet.

- The conversion into equity shares will be at a premium which will also enhance value of existing shareholders.

Disclosures, which are required to be given in terms of clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines on Preferential Issues:

a) **The objects of the issue through preferential offer:**

The object of the issue is to convert the dues payable to Essar Power Ltd. amounting to Rs.459 crores into 0.01% Cumulative Convertible Preference shares convertible into equity shares within a period of 18 months from the date of allotment.

b) **Intentions of promoters / directors / key management persons to subscribe to the offer:**

The entire issue is envisaged for allotment to Essar Power Limited. The Directors / Key Management persons of the Company do not directly intend to subscribe to the offer.

c) **Share holding pattern before and after the offer (applicable if all the 0.01% Cumulative Convertible Preference shares are converted into equity shares)**

Existing Promoters, Essar Investments Limited and /or persons acting in concert with it hold 56.72% and public including financial institutions, banks and mutual funds hold balance 43.28% of the existing equity of 51.18 crore shares. The post allotment shareholding pattern will be as follows:

Essar Power Limited together with Essar Investments Limited and / or persons acting in concert with it will hold 71.11% and public including financial institutions, banks and mutual funds will hold balance 28.89% of the then equity of 76.68 crore shares.

In case allotment of equity shares upon conversion of 0.01% Cumulative Convertible Preference shares proposed under item no 6 is made then Essar Investments Limited, Essar Power Limited and/ or persons acting in concert will hold 71.88% of the then existing equity of 78.79 crore shares.

This assumed post issue capital excludes impact of proposed reduction of capital by 40% in terms of the petition filed by the Company with Gujarat High Court.

d) **Proposed time within which the allotment shall be completed:**

The Board proposes to allot the 0.01% Cumulative Convertible Preference shares of Rs.90/- each within a period of fifteen days of the date of passing of this resolution under Section 81(1A) of the Companies Act, 1956, in the Annual General Meeting.

e) **The identity of the proposed allottee and the percentage of post preferential issue capital that may be held by them.**

The proposed allottee shall be Essar Power Limited, which upon conversion will hold 32.36% of the post issue capital of Rs.787.94 crores.

0.01% Cumulative Convertible Preference shares of Rs.90/- each, if issued, shall have following terms and conditions.

Terms & Conditions

1. The preference shares shall carry a dividend @ 0.01% p.a. from the date of allotment upto a period of 18 months.
2. Each 0.01% Cumulative Convertible Preference share is optionally convertible into five equity share of Rs.10/- each fully paid up at a premium of Rs.8.00 per share at the option of the registered holder within a period of 18 months from the date of allotment.
3. The Board shall be given one month's notice in writing for any conversion by the registered holders of the Preference shares.
4. The Company shall not issue any new shares by way of a rights issue or in any manner during the currency of these 0.01% Cumulative Convertible Preference shares without obtaining consent in writing from registered holders for 90% of such preference shares outstanding.
5. Any changes in the share capital of the Company during the currency of these preference shares shall not result in change in terms of these 0.01% Cumulative Convertible Preference shares except a bonus issue or sub-division of existing shares, in which case the entitlement of the equity shares shall get adjusted accordingly.
6. Preference shares in respect of which no notice for exercising option for conversion has been received by the Board within a period of seventeen months from the date of allotment, shall, after the period of eighteen months; without any act on the part of the registered

holders and unless otherwise redeemed earlier; get settled by conversion into/allotment of 1% Cumulative Redeemable Preference shares of Rs.90 each.

7. The day of the expiry of 18 months from the date of allotment of 0.01% Cumulative Convertible Preference shares of Rs.90/- each shall be the deemed date of allotment of new 1% Cumulative Redeemable Preference shares of Rs.90/- each.
8. The new 1% Cumulative Redeemable Preference shares arising out of operation under clause 6 above shall be redeemable at the end of thirteen years and six months at a value of Rs.200/- per share from the deemed date of allotment. The Company shall have option to redeem these 1% Cumulative Redeemable Preference shares any time from the deemed date of allotment at following values.

Period of redemption	Redemption value per share
After 12 months but before 24 months	Rs.101 less dividend paid till date.
After 24 months but before 36 months	Rs.107 less dividend paid till date.
After 36 months but before 48 months	Rs.113 less dividend paid till date.
After 48 months but before 60 months	Rs.120 less dividend paid till date.
After 60 months but before 72 months	Rs.127 less dividend paid till date.
After 72 months but before 84 months	Rs.135 less dividend paid till date.
After 84 months but before 96 months	Rs.143 less dividend paid till date.
After 96 months but before 108 months	Rs.151 less dividend paid till date.
After 108 months but before 120 months	Rs.161 less dividend paid till date.
After 121 months but before 132 months	Rs.170 less dividend paid till date.
After 132 months but before 144 months	Rs.180 less dividend paid till date.
After 144 months but before 156 months	Rs.191 less dividend paid till date.

9. The Board shall give one month's notice in writing for any redemption to the registered holders of preference shares.
10. The terms & conditions for redemption of 1% Cumulative Redeemable Preference shares can be altered with the consent in writing from the registered holders representing 90% of total outstanding 1% Cumulative Redeemable Preference shares and such alteration shall be binding on all the other preference shareholders.

In terms of provisions of the Companies Act, 1956, consent of the members by way of a special resolution is required for allotment of further shares, equity or preference, to any person other than the existing members. Consent of the members is therefore sought to authorise the Board of Directors to create, issue and allot the 0.01% Cumulative Convertible Preference shares and equity shares or preference shares upon conversion.

The certificate from the statutory auditors certifying that the issue of equity shares / financial instruments on the above terms is in accordance with the SEBI Guidelines on Preferential Issues as in force on the date of this notice, is kept open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and Bank holidays, between 11 a.m. and 1 p.m. upto the date of the Annual General Meeting.

The Directors accordingly recommend the resolution for your approval.

Mr. P. S. Ruia and Mr. S. V. Venkatesan, Directors of the Company, may be treated as concerned or interested in the resolution.

Item No. 8

In order to give effect to the resolutions for allotment of 0.01% Cumulative Convertible Preference Shares of Rs.90/- each, Equity shares of Rs.10/- each and 1% Redeemable Cumulative Preference Shares of Rs.90/- each as set out under item nos.6 and 7 above, it is necessary to reclassify the authorised share capital of the company and alter the capital clause contained in the memorandum of association of the company.

Your directors recommend the resolution for your approval.

None of the directors is any way concerned or interested in the resolution.

Item No. 9

The equity shares of the Company are presently listed on (i) The Delhi Stock Exchange Association Limited ("DSE"); (ii) The Calcutta Stock Exchange Association Limited ("CSE"); (iii) Madras Stock Exchange Limited ("MSE"); (iv) The Stock Exchange, Ahmedabad ("ASE"); (v) Vadodara Stock Exchange Limited ("VSE"); (vi) The Bangalore Stock Exchange Limited ("BgSE") (vii) The Stock Exchange, Mumbai ("BSE")

and (vii) The National Stock Exchange of India Limited ("NSE").

The shares of the Company are being regularly traded on the National Stock Exchange and The Mumbai Stock Exchange. The trading volumes in the other stock exchanges as listed above has been negligible as there has been a perceptible shift in trading from these stock exchanges to either the National Stock Exchange or the Mumbai Stock Exchange, consequent to the electronic trading terminals introduced across the country by these two exchanges. Hence the shareholders in the region of the six stock exchanges, where the delisting is proposed, will not suffer due to the proposed delisting.

SEBI has issued guidelines on Delisting of Securities viz. The SEBI (Delisting of Securities) Guidelines, 2003 and in compliance with these guidelines, the Company proposes to pass a resolution.

It is, therefore, proposed to seek voluntary delisting of equity shares and / or other securities from all or any of the aforesaid six stock exchanges, namely DSE, CSE, MSE, ASE, VSE and BgSE. The shares of the Company will continue to be listed on the Mumbai Stock Exchange and the National Stock Exchange.

Members approval is being accordingly sought by this Resolution to enable voluntary delisting of the Company's Shares from the said Stock Exchanges as per the provisions of the SEBI Delisting Guidelines.

Your Directors, therefore, recommend resolution in Item No.9 of the accompanying notice for approval.

The Directors holding equity shares of the Company may be deemed to be concerned or interested in this resolution to the extent of their shareholding in the Company.

Item No. 10

The members at the 26th Annual General Meeting of the Company held on March 20, 2003 had approved the appointment and payment of remuneration of Shri. Vikram Amin, Executive Director of the Company, for a period of five years with effect from October 31, 2001. Due to difference in interpretation of the applicable guidelines and statute the said resolution was passed by way of an Ordinary Resolution and for a period of five years. The Department of Company Affairs has advised that the said resolution be passed by the members by way of Special Resolution and the period is restricted to three years. Accordingly the resolution proposed under Item No.10 of the Notice is proposed for your approval.

Information required to be given to the Members as per revised Schedule XIII of the Companies Act, 1956:

General Information:

1	Nature of Industry	Manufacture of Hot Briquetted Iron and Hot Rolled Coils/Sheets
2	Date of expected date of commencement of commercial production	April 01, 1996
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Existing Company
4	Financial performance based on given indicators	For the year ended March 31, 2004 -EBIDTA at Rs.858.49 crores -Profit before Tax at Rs.93.35 crores -Net Profit after Tax at Rs.59.27 crores
5	Export performance and net foreign exchange collaborations	Exports Sales was up by 19.29% at 655460 MT for the year ended March 31, 2004.
6	Foreign Investments or collaborators, if any	Nil

Essar Steel Limited

Other Information.

1	Reasons for loss and inadequacy of profits	At the time of his appointment the company was incurring losses due to unprecedented crisis in steel market world wide which had led to a steep fall in steel prices. However, the markets have recovered and for the current year ending March 31, 2004 the Company has declared substantial profits as indicated under point no. (4) above.
2	Steps taken or proposed to be taken for improvement	
3	Expected increase in productivity and profits in measurable terms	

Information about Shri Vikram Amin, appointed as Whole Time Director

Shri. Vikram Amin, 45 is a Commerce graduate with Honours and has obtained his Masters Degree in Business Administration from Syracuse University, USA in 1985 specialising in General Management of Marketing and Finance areas.

Shri. Amin has working experience of approximately 20 years including that with Essar Group for 14 years. He joined the Essar Group in 1987 and has held various assignments from offshore construction to onshore and offshore drilling operations. He has spent over 4 years in Dubai taking care of exports of steel to the Middle East, procurement of raw material for the steel plant at Hazira and other group activities. In 1996, he took over as Head of Marketing and had been President Director since 1998 of PT Essar Dhananjaya (PTED), Indonesia, the manufacturer of Cold Rolled Coils. During the 5 years of his tenure with PTED including 3 years as Head of the Unit, Shri. Amin has gained rich experience in all the areas of running a steel plant and the Company under his able guidance and supervision has been doing well given the adverse scenario in steel industry across the globe.

Terms and Conditions of his appointment as Wholetime Director Period

The appointment is effective from October 31, 2001 for a period of three years i.e. up to October 30, 2004.

Overall Remuneration

Subject to the provisions of section 269, 198, 309, Schedule-XIII (as may be amended from time to time) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the shareholders at a general meeting and subject to such other approvals as may be necessary, the remuneration payable to the Wholetime Director in any financial year shall be as under:

Salary:

In the scale of Rs.35,000 to Rs.1,00,000 per month, as may be determined by the Board of Directors or Committee of Directors (Remuneration) or such other authority as may be delegated by the Board of Directors from time to time.

Perquisites:

- Provident Fund, Superannuation, gratuity, Leave travel concession, reimbursement of medical expenses - as per rules of company.
- House rent allowance subject to ceiling of sixty percent of the basic salary.
- Allowances, performance Bonus and reimbursements not exceeding Rs. 3,00,000 per month.

The Wholetime Director shall not be entitled under any circumstances whatsoever, to any compensation for loss of office, unless otherwise decided by the Company.

The proposed remuneration is commensurate with the size of the company, the industry that the company belongs to and the profile and position of Shri Vikram Amin.

The appointment is subject to the approval by members in General Meeting. The Director shall not be liable for retirement by rotation.

The above may be treated as an abstract of the agreement proposed

to be entered into between the Company and Shri. Vikram Amin pursuant to Section 302 of the Companies Act, 1956. A copy of the proposed agreement is available for inspection at the Registered Office of the Company between 10.00 am to 1.00 p.m. on any working day of the Company

The Board is of the opinion that his appointment as Whole-time Director would be in the interest of your Company. Your Directors recommend this resolution for your approval.

None of the Directors except Shri. Vikram Amin is concerned or interested in this resolution.

Item No. 11

Information about Shri V G Raghavan, appointed as Director (Finance)

The Board of Directors of Essar Steel Limited have at their meeting held on October 29, 2003 appointed Shri V G Raghavan as Additional Director of the Company. The Board of Directors have also appointed Shri V G Raghavan as Director (Finance) effective from October 29, 2003 for a period three years. The tenure is, however, subject to review by the Board of Directors in respect of each financial year.

Shri V G Raghavan has been associated with the Essar Group over the last two decades in various capacities. Prior to his being appointed as Director (Finance) he has held the post of the Chief Financial Officer of the Company for the last four years. Shri V G Raghavan is a Chartered Accountant with rich experience of about 33 years in the field of Finance, Accounts, Taxation, Audit, etc.. Before his stint with the Essar Group he was with State Bank of India wherein he held various positions.

During his tenure as the Chief Financial Officer of the Company he was instrumental in restructuring the debts and financials of the company.

The remuneration drawn by Shri V G Raghavan as Director (Finance) continues to be the same as was drawn during his tenure as Chief Financial Officer of the Company the details of which are as follows:

Overall Remuneration

Subject to the provisions of section 269, 198, 309, Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the shareholders at a general meeting and subject to such other approvals as may be necessary, the remuneration payable to the Director (Finance) in any financial year shall be as under:

Salary:

In the scale of Rs.35,000 to Rs.1,00,000 per month, as may be determined by the Board of Directors or Committee of Directors (Remuneration) or such other authority as may be delegated by the Board of Directors from time to time.

Perquisites

- Provident Fund, Superannuation, gratuity, Leave travel concession, reimbursement of medical expenses - as per rules of company.
- House rent allowance subject to ceiling of sixty percent of the basic salary.
- Allowances, performance Bonus and reimbursements not exceeding Rs. 3,40,000 per month.

The aforesaid remuneration shall be subject to the limits prescribed under Schedule XIII Part - II (as may be amended from time to time) of the Companies Act, 1956.

The Director (Finance) shall not be entitled under any circumstances whatsoever, to any compensation for loss of office, unless otherwise decided by the Company.

The proposed remuneration is commensurate with the size of the company, the industry that the company belongs to and the profile and position of Shri V G Raghavan.

Shri V G Raghavan shall not be liable for retirement by rotation.

The above may be treated as an abstract of the agreement proposed to be entered into between the Company and Shri. V G Raghavan pursuant to Section 302 of the Companies Act, 1956. A copy of the proposed agreement is available for inspection at the Registered Office of the Company between 10.00 am to 1.00 p.m. on any working day of the Company

The Board is of the opinion that his appointment as Director (Finance)