

Report



## **Essar Steel Limited**

30th Annual Report 2005-2006

# 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>Director - Marketing</i>
V. G. Raghavan	<i>Director - Finance</i>
Jatinder Mehra	
S. V. Venkatesan	
Sanjeev Shriya	
Jitender Balakrishnan	<i>Nominee - IDBI (upto 27-3-06)</i>
G. A. Nayak	<i>Nominee - UTI (upto 20-6-06)</i>
G. D. Goswami	<i>Nominee - ICICI Bank Ltd.</i>
Narottam B. Vyas	<i>Company Secretary</i>

## REGISTERED OFFICE

Post : Hazira Pin: 394 270  
Dist : Surat  
Gujarat  
Tel. : 0261-6682 400  
Fax : 0261-6682 796

## CORPORATE OFFICE

Essar House,  
11 Keshavrao Khadye Marg,  
Mahalaxmi,  
Mumbai - 400 034.  
Tel. : 022-66601100  
Fax : 022-66602748

## BANKERS

State Bank of India  
Punjab National Bank  
Bank of India  
Allahabad Bank  
IDBI Bank  
State Bank of Patiala  
State Bank of Mysore  
Indian Bank  
State Bank of Saurashtra  
State Bank of Indore  
State Bank of Bikaner & Jaipur

## AUDITORS

M/s. S.R. Batliboi & Co.  
Chartered Accountants,  
6th Floor, Express Towers,  
Nariman Point, Mumbai 400 021

## SOLICITORS

M/s. Crawford Bayley & Co.  
State Bank Buildings,  
NGN Vaidya Marg, Fort,  
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 : dsrcomd@md3.vsnl.net.in

**Visit us at our website**  
<http://www.essar.com>

## CONTENTS

Board of Directors .....	2
Notice .....	3
Directors' Report .....	4
Corporate Governance Report .....	10
Auditors' Report .....	15
Balance Sheet .....	18
Profit & Loss Account .....	19
Schedules forming part of Accounts .....	20
Balance Sheet Abstract .....	37
Cash Flow Statement .....	38
Proxy .....	39

Please send in your e-mail address to: [webmaster@essar.com](mailto:webmaster@essar.com)  
to keep you informed about the progress of the Company.

## NOTICE

**NOTICE** is hereby given that the Thirtieth 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, September 30, 2006 at 2.30 pm** to transact, the following business:

### ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at March 31, 2006 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. R N Ruia who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Shri. S V Venkatesan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s R Batliboi & 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 Resolution as Special Resolution:-

**"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 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. 191.43 crores net of tax out of the credit balance standing in Securities Premium Account of the Company as at March 31, 2006 be utilised for the adjustment against the debit balance of "Prepaid Power Charges" of Rs. 87.26 crores net of tax and "Recompense Charges" of Rs.104.17 crores net of tax w.e.f. 31<sup>st</sup> March, 2006.

**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 or carry out such modifications / directions as may be ordered by the jurisdictional High Court / Tribunal to implement the aforesaid resolution."

### Notes:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business under Item No. 5 is annexed herewith.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS

ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND 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 **29th September, 2006 till 30th September, 2006 (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 on the Accounts of the Company.
5. All the 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. The Company's shares are listed with Bombay Stock Exchange Ltd. and National Stock Exchange of India Limited. The Company has paid the listing fees for the year 2006-07 to the aforesaid Stock Exchanges.
7. **Members are requested to intimate the Registrar and Share Transfer Agents of the Company-Data Software Research Co. Pvt. Ltd., Sree Sovereign Complex, No. 22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai 600 024, immediately of any change in their address in respect of shares held in physical mode and to their Depository Participants (DPs) in respect of shares held in dematerialised form.**
8. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
9. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, Data Software Research Co. Pvt. Ltd., for consolidation into a single folio.
10. Non - Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, Data Software Research Co. Pvt. Ltd., immediately of the change in their residential status.
11. 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 of Directors

Date : 10<sup>th</sup> July, 2006  
Place : Mumbai

**Narottam 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 No. 5.

#### SPECIAL BUSINESS

##### Item No. 5

Adjustment of One-time Recompense Charges paid to CDR Lenders and Prepaid Power Charges against balance in Securities Premium account. Recently the Company has pre-paid all the Lenders under the Corporate Debt Restructuring Scheme (CDR) and is now not subjected to CDR Scheme. As part of the above settlement, the Company had to make payment of one time recompense charges to the Lenders for accepting the pre-payment of financial facilities given by them under the CDR Scheme. Such charges paid till 31.03.2006 are Rs.106.89 crore and payable after 31.03.2006 are Rs.49.92 crore.

As these recompense charges are of one time, non-recurring, extra-ordinary and not revenue in nature, the Board is of the opinion that the same can be adjusted with capital reserves.

#### Prepaid Power Charges

The Company had entered into a Power Purchase Agreement (PPA) with Essar Power Limited ('EPOL') on 29.06.1996 for supply of Power to the extent of 215 MW for a period of 20 years. According to PPA the company is required to pay following Fixed Charges:

- Interest on Debt: Interest on Debt as per the Financing Plan approved by the Company including Lease Rentals.
- Operation and Maintenance Expenses: On the basis of weighted Price Index based on the wholesale price index and consumer price index in the ratio of 70:30 respectively or at the rate of 10% progressively every year, whichever is lower.
- Depreciation under Electricity Supply Act,
- Tax on income
- Return on Equity @ 16% p.a.
- Interest on working capital
- Any exchange fluctuation in repayment of Foreign Debt.

The company was paying the above amounts to EPOL and charging off the same to Profit and Loss Account from 1996-97 till 1999-00. During the year 2000-01, the company changed the policy of charging off the power charges and accordingly the depreciation and interest / lease rent components of fixed cost of power paid in the years 2000-01 & 2001-02 were hitherto apportioned prospectively over the term of PPA as the same were payable only up to 2007-08.

As this adjustment of pre-paid power charges is also of one time, non-recurring, extra-ordinary and not revenue in nature, the Board is of the opinion that the same can be adjusted with capital reserves.

Balance in capital reserves of the Company as at 31<sup>st</sup> March, 2006 are as follows.

Securities Premium Account - Rs.283.20 crores.

Capital Reserve - Rs.12.73 crores

Accordingly the Company has provisionally adjusted the entire debit balance in recompense charges of Rs.104.17 crores (net of tax) and also in prepaid power charges of Rs.87.26 crores (net of tax) aggregating to Rs.191.43 crores against credit balance lying in Securities Premium Account on 31<sup>st</sup> March, 2006.

The above adjustment requires the approval of the shareholders by way of a special resolution and confirmation by Court in accordance with the provisions of Section 78 and Section 100 to 104 of the Companies Act, 1956.

None of the Directors of your company is in any way concerned or interested in the proposed resolution.

Your Directors recommend the resolutions for your approval.

By Order of the Board of Directors

Date : 10<sup>th</sup> July, 2006  
Place : Mumbai

**Narottam B Vyas**  
Company Secretary

## DIRECTORS' REPORT

To the Members of **Essar Steel Limited**

Your Directors have pleasure in presenting the 30<sup>th</sup> Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2006.

### FINANCIALS

(Rs. in crores)

Particulars	Year ended	
	31st, March 2006	31st, March 2005
Sales and other Income	7058.59	6537.81
Profit before Finance Cost (net), Depreciation, Charges pertaining to earlier years, Extra ordinary item and Taxation	1689.11	1936.75
Less: Finance Cost (Net)	422.67	550.73
Profit before Depreciation, Charges pertaining to earlier years, Extra ordinary items and Taxation	1266.44	1386.02
Less: Depreciation	482.10	394.29
Profit before charges pertaining to earlier years, extra ordinary item and taxation	784.34	991.73
Less / (Add) : charges pertaining to earlier years & extra ordinary item	88.36	197.63
Profit before Taxation	695.98	794.10
Less: Provision for Deferred tax	152.35	195.87
Less : Provision for Current tax	8.35	8.08
Less : Provision for Fringe benefit tax	5.10	—
Profit after taxation	530.18	590.15
Less: Balance brought forward from previous period	(1203.82)	(1474.68)
Add : Unpaid dividend written back on forfeiture of shares	6	9.75
Add: Transfer from Securities premium account	1356.30	1356.30
Add: Transfer from Debenture Redemption Reserve	340.64	—
Less: Transfer to Debenture Redemption Reserve	(15.00)	(329.04)
Balance carried forward to next year	1008.30	152.48

### DIVIDEND

Your Board of Directors does not recommend any dividend on equity shares and preference shares, in order to conserve the resources.

### OPERATIONS AND PERFORMANCE HIGHLIGHTS

#### A. Operations

HR Coil production for the year ended March 31, 2006 grew by 10.8% to 2.58 million tonnes.

The Company introduced Cold Rolled Close Annealed products (CRCA) and Extra Deep Drawing (EDD) grade in a record time of five months after completion of successful trials. The development and successful introduction of dual phase steel has put your Company in the list of select few producers of this grade internationally. This grade finds growing application in the highly demanding automotive and auto component sectors.

#### B. Sales & Marketing

Total sales value for the year registered a growth of 8% at Rs.7058.59 crore as against Rs.6537.81 crore in 2004-05.

Sales volumes at 2,479,802 tonnes showed an increase of 9.45% over 2,265,599 tonnes in the corresponding period of the previous year. The Company's domestic sales volume at 1,788,120 tonnes registered an increase of 21.02% over 1,477,555 tonnes sold in the previous year. The strong domestic demand saw the Company's sales to domestic markets grow at the cost of export volumes which showed a reduction of 12.22% at 691,682 tonnes from a level of 788,044 tonnes in the previous year.

The Company's focus on increasing its share in high value, speciality segments resulted in the share of such products going up to 48% of total sales as compared to 37% in the previous year.

The Company received letters of appreciation from major auto and white goods manufacturers regarding the successful trial and introduction of CRCA and EDD grades of steel.

The "Sona" brand of products for the construction segment performed extremely well in the year under review with sales volumes going up from 30,000 tonnes to 57,000 tonnes.

Your Company's exports constitute approximately 27.89% of overall revenues and continue to be well balanced across several markets in Europe, Middle East, NAFTA countries, Africa, Australia and South East Asia.

Your Company received the top national and regional exporter's trophy from the Engineering Export Promotion Council. The Company's multi pronged strategy on focusing on speciality products and offering a diverse range in the value added segment in Cold Rolled as well as Hot Rolled products has yielded excellent results. The Company received its largest ever single order of USD 186 million for the supply of API grade steel to Iran. This product is a winner in the Middle East markets due to their requirements of high quality and speciality grades for the transportation of crude and finished petroleum products.

Essar Steel was the only Indian Steel company to successfully contest anti dumping action in the United States of America.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Industry Outlook

The global steel industry continued to exhibit cyclicity and fragmented market shares and moved towards further consolidation and setting up manufacturing facilities in countries which have natural resources both in terms of raw material and energy.

The demand for steel products continued to be steady through the year, though the inventory reduction by steel industry consumers had an impact on prices as corrections took place both on the demand side and on the supply side. While the world crude steel production exceeded 1.1 billion tonnes, consumption was around 1.0 billion tonnes, indicating a comfortable demand and supply situation.

Consumption of steel is closely linked to the pace of economic growth of the region. Over the past decade global steel consumption has grown at a CAGR of 4.5%. Demand growth was aided by significant demand increase in China and other emerging economies like India. Asia accounts for 54% of global production in 2005 indicating a shift in the production base.

#### Consolidation in the global steel industry

The Steel Industry which was fragmented till now has witnessed some amount of consolidation in the recent years. There have been eight major acquisitions globally in the steel industry over the past five years. This is a positive development for the industry as this will instill a sense of producer discipline and make the industry less prone to cyclical variations. This will also have a positive impact on the ability of the industry to negotiate with suppliers of raw material.

#### China factor

The influence of China in world steel demand underscores the importance of the shift in balance in apparent demand. Chinese crude steel production increased to 350 million tonnes in 2005, a growth of 25% YOY from 2001. At the same time, per capita consumption of crude steel in China has gone up to 230 Kilograms in 2004 from 108 Kilograms in 2000, a growth of 25%.

#### The Indian Steel Industry:

2005-06 was in many ways a watermark year for the Indian steel industry. Domestic demand remained robust on the back of a growing economy and high consumer demand for durable goods. India's steel industry seems to have finally come of age with domestic and international major vying for space both on the manufacturing side and for large share in what is today acknowledged as one of the fastest growing markets in the world.

With a current capacity of just over 40 million tonnes, India ranks eighth among major steel producing nations in the world. India has been a net exporter over the last 5 years underlining the growing acceptability of Indian steel products in the global market.

A growth of between 4 and 5% over a two year period beginning 2004-05 augurs well for the industry. However, rising input costs such as raw material, power, intermediate metals, etc continue to present major challenges for the Indian steel industry.

The National Steel Policy announced by the Government of India last year envisages steel production to go up to 60 Million Tonnes by 2012 and 100 Million Tonnes by 2020.

The above growth target depends on policy measures to address critical issues facing the sector, such as;

- adequate investment and development of raw material sources particularly iron ore, coking coal etc.,
- streamlining of existing procedures in mining (a committee has been formed by Govt. of India for this purpose)



- Adequate infrastructure support like power, ports, roads, rail to move the additional raw material and steel that will be produced

#### Operations

The year under review has seen some significant developments at Essar Steel. Your Company implemented several measures to ensure long term growth, stability and profitability and protect it from the cyclicity that is inherent in the industry. The first and major achievement was making Essar Steel a totally integrated steel producer from iron ore to ready-to-market products, and ensure control at every stage in the manufacturing chain. Your Company completed the acquisition of Hy-Grade Pellets (HGPL) and Steel Corporation of Gujarat (SCGL). The Company also commissioned the 267-km pipeline, which transports the beneficiated iron ore slurry from Bailadilla in Chattisgarh to Visakhapatnam where the Company's pellet plant is located. At the other end of the manufacturing process, your Company commissioned the Cold Rolling Mill in September 2005. The commissioning of an additional 355 MW power capacity at Hazira by Essar's Power Group will meet the enhanced requirements of the steel plant for its expansion projects.

The capacity expansion to 4.6 million tonnes per annum is on track and we expect to complete this by the third quarter of this year.

During the year, the Company further strengthened its information technology platform and extended the implementation of SAP to several other areas of operations, including marketing, HR, logistics and distribution. This will improve the accuracy and timeliness of decision making and contribute to better efficiencies.

Your Company believes that these steps will yield considerable benefits of costs, seamlessness in operations, assurance of adequate raw material and infrastructure and most importantly value addition in the product range.

#### Marketing

Essar Steel's product portfolio now addresses the high value, discerning customer profile in the automotive, white goods, construction, general engineering and ship building industries. The Company has been able to move up the value chain and add an enviable portfolio of leading Indian and international customers.

The Company's ability to increase its proportion of value added products fulfills two objectives:

1. Strengthened presence at the top end of the user segment resulting in better price realization.
2. Catering to niche, technology and quality conscious customers with long term contracts and assured orders.

Essar Steel participated in several exhibitions and seminars in India and abroad, including the prestigious Auto Expo and AEC( Architects, Engineers and Constructors) show in order to showcase its products to specific customer segments.

Your Company's Research and Development team successfully introduced Extra Deep Drawing (EDD) grade steel in the Cold Rolled Close Annealed (CRCA) segment, as also Dual Phase steel which find critical application in the fast growing automobile sector.

The web based portal for retail customers [www.clickforsteel.com](http://www.clickforsteel.com) is being complemented by a customer relationship program which will enable the Company to respond faster to technical and commercial enquiries.

The Indian steel industry is now fully integrated with the global industry and to that extent, your company's fortunes are closely linked to global market forces. The actions that we have taken over the last two years have been aimed at creating an enterprise that will position it in the league of high performing international steel companies.

#### Finance

The year has seen some significant developments on the financial front, the most important one being the repayment of the entire CDR debt. This, we believe offers your Company greater leeway in operational matters and positions the company in an advantageous position in financial markets for its future plans.

The Company's net worth has gone up from Rs.1725 crore to Rs.4032 crore and the Company's financial ratios have improved significantly.

The Company expects the full benefits of integration and expansion to accrue in the coming years.

The Company's ability to exit from the Corporate Restructuring Programme (CDR) has resulted in a reduction in the average cost of funds. The company has also brought in additional preference shares aggregating to Rs 1957.60 crore which was utilized towards acquisition of Stemcor's 51 % stake in Hy-Grade Pellets Ltd. ( Pelletisation Plant) and 100 % stake in Steel Corporation of Gujarat Ltd ( Cold Rolling Mill). Essar steel is today fully integrated with control at every stage of manufacture.

During the year, your Company raised and utilised Term facilities/ Debentures of over Rs 1000 crore to finance the capital expansion programme to increase the current capacity from 2.4 MPTA to 4.6 MPTA at Hazira.

Similarly, over Rs 350 Crore was raised and utilized during the year to part finance a beneficiation plant at Bailadilla, a slurry pipe line between Bailadilla and Visakhapatnam and the second Pelletisation Plant of 4 MPTA capacity at Visakhapatnam. A further sum of over Rs 100 crore has been raised and utilized during the year for the expansion from 1.19 million tonnes per annum to 1.40 million tonnes per annum at the Cold Rolling Mill complex at Hazira.

#### Share Capital

During the year your Company reorganised the equity share capital pursuant to the CDR scheme and the approval from the Hon'ble High Court of Gujarat by reducing the equity share capital of Rs.507.31 crore by 40% and allotting 0.01% Cumulative Redeemable Preference Shares in lieu thereof. Pursuant to the directions of CDR Cell, your Company also converted 5,52,22,000 0.01% Optionally Convertible Preference Shares into 27,61,10,000 equity shares of Rs.10 each Further the Company has also allotted 5,59,31,364 7% Compulsorily Convertible Preference Shares of Rs.350/- each, proceeds of which have been utilised to acquire the balance equity stake in Hy-Grade Pellets Ltd. and 100% equity stake in Steel Corporation of Gujarat Ltd. Your company, pursuant to the CDR package has also allotted 4,35,98,951 10% Cumulative Redeemable Preference Shares of Rs. 10/- each to Banks / Institutions for an amount aggregating to Rs.43.60 crore. Pursuant to the Scheme of Arrangement in the nature of Scheme of Amalgamation of Hy-Grade Pellets Limited and Steel Corporation of Gujarat Limited with the Company alongwith Scheme of Reconstruction of Capital of the Company approved by the Hon'ble High Court of Gujarat and Andhra Pradesh on 17<sup>th</sup> June, 2006 and 3<sup>rd</sup> May, 2006 respectively, the aforesaid 5,59,31,364 7% Compulsorily Convertible Preference Shares have been converted into Equity Shares w.e.f 10<sup>th</sup> July, 2006. With the above the Equity Capital of the Company has increased from Rs.507.31 crore to Rs.1139.81 crore.

#### Amalgamation of Hy-Grade Pellets Limited and Steel Corporation of Gujarat Limited with the Company

During the year, the Honorable High Courts of Andhra Pradesh and Gujarat approved the Scheme of Arrangement in the nature of Scheme of Amalgamation of Hy-Grade Pellets Limited and Steel Corporation of Gujarat Limited with your Company. The Amalgamation entails increase in the fixed assets including capital work-in-progress of the Company by an amount of Rs.3708.53 crore. The Scheme of Arrangement will result in benefits from operational synergies as the businesses of these companies are closely interlinked with that of your Company. The consolidation will result in economies of scale, lower operating costs structure, a single umbrella for product offerings in domestic and global markets with higher value addition and price realisation.

#### Subsidiaries

Consequent to the Scheme of Arrangement in the nature of Scheme of Amalgamation of Hy-Grade Pellets Ltd with the Company, Essar Steel Jharkhand Ltd. (ESJL) and Essar Steel Chattisgarh Ltd., (ESCL) subsidiaries of Hy-Grade Pellets Ltd., have become subsidiaries of the Company. The Company's control over these two subsidiaries has been only for two days during the financial year 2005-06.

Further, the control over these two subsidiaries is temporary and the Company does not intend to continue with them as subsidiaries beyond March 31, 2007. As such the accounts of these subsidiaries are not consolidated with that of the Company in view of specific exemptions provided in the Accounting Standards 21 issued by Institute of Chartered Accountants of India relating to Consolidation of Financial Statements.

The first accounting year of the subsidiaries ends on 30th September, 2006, accordingly these Annual Report will be annexed to Balance Sheet of this Company as at 31st March, 2007 in accordance with section 212 of the Companies Act, 1956.

A statement pursuant to section 212 of the Companies Act., 1956 relating to subsidiary Companies is annexed to this report.

#### DIRECTORS

Shri R N Ruia and Shri S V Venkatesan retire by rotation at the ensuing Annual General Meeting and, being eligible, offers themselves for reappointment. The Board recommends their reappointment.

Shri Jitender Balakrishnan, Nominee of IDBI and Shri G A Nayak, Nominee of UTI have tendered their resignations from the Board, effective March 27, 2006 and June 20, 2006 respectively. The Board places on record its appreciation of the significant contributions made by them during their tenure.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that

- In the preparation of the Annual Accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
- The Directors have selected accounting policies and applied them consistently and made judgements and estimates that are 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 of the Company for the year under review.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have arranged preparation of the accounts for the year ended March 31, 2006 on a "going concern" basis.

# Essar Steel Limited

## AUDITORS

Your Company's auditors, M/s. S R Batliboi & Co, Chartered Accountants, will retire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter informing it of their acceptance to get re-appointed as Auditors of the Company.

## Information and explanation on reservations / qualifications / adverse remarks in the Audit Report.

1. As regards Auditors' disclaimer with respect to recognition of Deferred Tax Asset it is clarified that the Company has recognised Deferred Tax Asset on the following grounds;
  - i. The Company has been consistently making profits in the last 4 years.
  - ii. The Company by amalgamation of Hy-Grade Pelelts Ltd., and Steel Corporation of Gujarat Ltd., has put up fully integrated operation commencing from iron ore (cost USD 20 Per Ton) to finished steel (selling price over USD 900 Per Ton).
  - iii. With the consolidation, global Steel Industry is witnessing upward trend in their realisation.
  - iv. Strong growth in domestic demand for steel following higher investment in infrastructure.
  - v. The Company's recent expansion programme increasing capacity from 2.4 MTPA to 4.6 MTPA is nearing completion and the fact that the Company has achieved financial results which are in excess of the projections made earlier and the Company has been able to utilize the Net Deferred Tax Asset in the past.
2. In respect of Auditors' observation on provisional adjustment of certain dues towards prepaid power charges and recompense charges it has also been clarified that the said charges being of one time, non-recurring and not revenue in nature, the Board has decided to adjust the same against credit balance in the securities premium account. Accordingly a Special Resolution for approval of the same from members wef 31.03.2006 has been proposed at the forthcoming Annual General Meeting.
3. As regards observations in clause vi (c) of the Auditors' Report, please refer note given below Schedule 2. The Company has already passed final adjustment entry in the Current year.

## Human Resources

The Company continues to nurture talent by systematic training programs aimed at knowledge enhancement, improvement of skills, leadership and team building. The Essar Learning Centre and the Manufacturing Excellence program have imparted on-job and academic training at different levels in the organization. The company conducted an employee satisfaction survey and the Human Resources team will address issues arising out of the findings. The Company's employee strength was 2732 and it is a matter of satisfaction that productivity per employee at Essar Steel is among the highest in this industry.

## Corporate Governance

Your company believes that adhering to global standards of Corporate Governance is essential to enhance shareholder value and achieve long term corporate goals. The Company's philosophy on Corporate Governance stresses the importance of transparency, accountability and protection of shareholder interests. The Board conducts periodic review of business plans, monitors performance and compliance to regulatory requirements.

## Social Responsibility

In keeping with its philosophy of concentrating on social responsibility programs that are relevant and useful to the communities in and around its manufacturing facilities, your Company continued its activities aimed at improving their environment and life style. Besides running a school and a hospital, it conducts regular health camps and blood donation drives, equip community centres with computers and other knowledge tools. Our major contribution has been in the form of direct and indirect employment to qualified youth in the vicinity and creation of self employment opportunities.

## PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining a copy of the particulars may write to the Company Secretary at the Registered Office of the Company.

## ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Details of energy conservation and research and development activities undertaken by the Company along with the 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 the Board of Directors) Rules, 1988, are given in the Annexure, forming part of this report.

## ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review. Your Directors wish to place on record their deep sense of appreciation to all the employees for their commendable teamwork, exemplary professionalism and enthusiastic contribution during the year.

For and on behalf of the Board

**S.N. Ruia**  
Chairman

Mumbai, July 10, 2006

"Persons constituting 'group' coming within the definition of group as defined in the Monopolies Restrictive Trade Practices Act, 1969 for the purpose of inter se transfer of shares of the Company under regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997".

Sr. No.	Name of the Company
1.	EssarGlobal Limited, Cayman Islands
2.	Essar Infrastructure Holdings Limited, Mauritius
3.	Essar Steel Holdings Limited, Mauritius
4.	Essar Energy Holdings Limited, Mauritius
5.	Essar Logistics Holdings Limited, Mauritius
6.	Asia Pacific Markets Limited, Mauritius
7.	Asia Pacific Corporation Limited, Mauritius
8.	Asia Pacific Enterprises Limited, Mauritius
9.	Asia Far East Limited, Mauritius
10.	Essar Sisco Ship Management Limited, India
11.	Essar Power Limited, India
12.	Essar Power Holdings Limited, Mauritius
13.	Essar Investments Limited, India
14.	Tetech Investments (India) Limited
15.	ETHL Global Capital Limited
16.	Hazira Steel 2, Mauritius

## ANNEXURE TO DIRECTORS' REPORT

### Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

#### A. CONSERVATION OF ENERGY:

##### a) Energy Conservation measures taken:

1. Hot DRI charging: 1.33 million MT of HBI plant product was discharged in form of Hot DRI during the FY 2005-06. The power saving due to Hot DRI charging is observed about **100 kWh** for each ton of Hot DRI charged at EAF.
2. New design of PG mists Eliminator at Module 1 to reduce pressure drop and hence less specific power consumption.
3. At Module 1 & 2, Partial oxidation injection system commissioned to improve gas quality for higher production, thereby decreasing specific power consumption.
4. At Module 1&2, PG Compressor discharge block valve replaced with greater diameter (1000 mm) to reduce pressure drop and hence less specific power consumption.
5. Metallic blades of three cooling tower fans replaced with FRP blades. Power saving of about 42500 units per fan per year.
6. New generation supersonic lances and modified fume exhaust system to reduce the fugitive level was commissioned in EAF 2 and EAF 1 on May 05 and Oct 05 respectively. On stream lining of the process, it will reduce the furnace power from existing level to 480- 500 kwh/Ton.
7. Spray water system modification as well as additional segment placement in Caster 1 in May 05 has resulted in increased productivity and improved quality thereby increasing hot charging volume.
8. Dynamic stoichiometric air fuel balance model started in Lime Kiln resulted in improved lime quality and higher productivity.
9. Modification in the ladle working lining thickness has led to higher tap weight with unaltered free board height thereby reduction in net power consumption.
10. Conversion of two trunion HDRI vessel to four trunion vessel thereby reducing logistical bottleneck for higher DRI usage at the furnace.
11. Development of optimized Carbon Oxygen balance profile which has helped in increasing yield thereby leading to energy conservation.
12. We have been able to increase production level from 2.32 to 2.58 MT pa. This has helped in reducing the power consumption per ton by 2.8% at Hot Strip Mill.
13. Static VAR compensation introduced at MSS to compensate for 5th, 7th and 11th Harmonic. This has helped us in improving our power factor from about 0.6 to near unity. This will result in the annual saving of about Rs. 8.80 lacs annually.
14. Slip ring motors replaced with induction motor and VVVF drive. This has helped us in minimizing the loss in the huge resistance boxes where the mechanical energy was being dissipated. Now the same is being sent back to the mains helping us in saving energy. This has helped us in saving about Rs 0.36 lacs annually.
15. Damper control provided for Fume exhaust in CRM1 to regulate the flow during each pass. This is done by loading one of the dampers to only 30% opening instead of 100%.
16. Lighting transformer with servo voltage stabilizer provided to control the supply voltage to 230V. Present power saving is about Rs. 7.22 lacs per annum.
17. Electrical Energy Conservers were installed on all the Plant Lighting Circuits and it has been found that there is a substantial saving of energy on account of Plant lighting. Monthly net savings from lighting alone was in the range of 15000 KWH units in the Financial Year 2005-06.

##### b) Additional Investments and proposals being implemented for reduction in consumption of energy:

1. Metallic blades of six cooling tower fans will be replaced with FRP blades. Power saving of about 42500 units per fan per year.
2. Water system up-gradation: Counter current flow cooling towers with RCC structure and splash bar modification to run the plant at optimum load.
3. Feasibility study of fluid coupling for Dust collection fan to run at no-load when briquetting is off.

4. New design of PG mists Eliminator at Module 2 to reduce pressure drop and hence less specific power consumption.
5. Replacement of over capacity pumps of quench tank.
6. Roll shifting mechanism installed at finishing mill, which is expected to reduce roll change delays by 2-3%.
7. Roll coolant motors being provided with VVVF drive. This will help us save about Rs.17 lacs per annum.

##### c) Impact of measures at (a) and (b) above for reduction of energy conservation and on the cost of production of goods:

As mentioned in (a) & (b) above

#### B. TECHNOLOGY ABSORPTION:

The Company has fully absorbed the MIDREX technology obtained from Voest Alpine, Austria for the production of HBI. It has also absorbed technology supplied by METCHEM for HRC plant including DC-Electric Arc Furnace (s), Continuous Casters and the Hot Strip Mill. The Company has emerged as the largest user of HBI in DC EAF and developed satisfactory technology for the same.

- Technical Tie-up with M/s Thyssen Krup Consultancy to improve Hot Strip Mill plant performance.

**Benefits derived:** Absorption of best manufacturing practice from one of the leading & technologically advanced steel producers in the world.

- Installed on line profile and flatness gauge. Automatic shape set-up models, automatic profile and flatness control software supplied by TMEIC-GE were commissioned.

**Benefits derived:** The gauges provide on line feedback of the strip quality thereby facilitating faster decision making and control of the strip quality. The automation is helping in providing more consistent product quality.

- Installed automatic width control system

**Benefits derived:** Better strip width control leading to higher customer satisfaction.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- I) Activities relating to exports, initiatives to increase exports, developments of new export markets for products and services and export plan.

"During FY 05-06, Exports has been to the tune of app. 692,000 tons. Essar Steel exported its full basket of steel products from HRC, Plates/Sheets, Pickled & Oiled, Cold Rolled Full hard and Galvanized.

The company continued with its policy of maintaining a global presence with supplies to markets ranging from USA, EU, Korea, Middle East, China, South East Asia and neighboring countries and also developed new countries like Australia, Latvia, Trinidad, Reunion Islands, etc. Essar is the only Indian mill to supply bulk quantities to the Australian market.

The company focus on value added segments continued with 56% share of the total sales. Also the company is focusing itself into doing direct business thereby entering into long term contracts / MOU's with direct customers.

The focus for the forthcoming year will be on high end auto application, niche segments like EDSS in galvanized and CRCA besides continuity in the current product ranges."

##### II) Total Foreign exchange used and earned (Rs. in Crores)

a) Foreign exchange directly earned through export	1,682.75
b) Others	91.93
Total foreign exchange earned (a + b)	1,774.68
c) Total foreign exchange used	
i) For import of plant and machinery/ technical know-how	429.07
ii) Others including raw materials and interest	1,375.10
Total foreign exchange used (c)	1,804.17



# Essar Steel Limited

## Particulars with respect to Conservation of Energy:

### FORM A

#### A. Power and Fuel Consumption

Sr. No.	Particulars	Current year	Previous year
1.	Electricity		
a)	Purchased		
	Unit (Lakhs)	2,191.12	107.80
	Total Amount (Rs. in crores)	110.48	16.71
	Rate/Unit (Rs.)	5.04	15.50
b)	Own generation		
i)	Through diesel generator		
	Unit	0	—
	Units per ltr. of diesel oil	0	—
	Cost/Unit (Rs.)	N.A.	N.A.
ii)	Through gas turbine / generator		
	Unit (Lakhs)	2,581.50	2,551.92
	Units / SM3 of gas	3.54	3.72
	Cost of fuel/Unit (Rs.)	2.37	1.69
iii)	Through third party on conversion basis		
	Unit (Lakhs)	22,947.28	18,179.26
	Units / Ltr of NGL/HSD/NG	4.07	4.16
	Cost of fuel/Unit (Rs.)	1.96	2.02
2.	Coal (specify quality and where used)		
	Quantity (tones)	0	—
	Total Cost	0	—
	Average Rate	N.A.	—
3.	Furnace Oil		
	Quantity(k. ltrs)	50,885	—
	Total Cost (Rs. crs)	70.47	—
	Average Rate (Net of Modvat)	13,849	N.A.
4.	Others		
	Quantity(NGL) – MT	536.896	195.689
	Total Cost (Rs. Crs)	1.51	0.37
	Rate/Unit	28,173	19,068
	Quantity. (NG) - '000 SM3	128,481.24	115,166.23
	Total Cost (Rs. Crs)	84.15	66.16
	Rate/Unit	6.55	5.73

#### B. Consumption per unit of Production

Particulars	Standard (If any)	Current Year	Previous Year
Product: Hot Briquetted Iron	Unit Per MT	Unit Per MT	Unit Per MT
Electricity	125	122	125
Furnace Oil	—	0	—
Coal (specify quality)	—	0	—
Diesel Oil	—	0	—
Others - Natural Gas (SM3)	325	310	304
Others - Naptha ( Kg )	—	0	—
Product: Hot Rolled Coils & Cold Roll/Galvanizing	Unit Per MT	Unit Per MT	Unit Per MT
Electricity	—	865	855
Furnace Oil	—	—	—
Coal (specify quality)	—	—	—
Diesel Oil	—	—	—
Others – NGL ( Ltr)	—	29	29
Other – NG (SM3)	—	50	50
Product: Iron Oxide Pellets	Unit Per MT	Unit Per MT	Unit Per MT
Electricity (Kwh)	36.00	50.52	N.A.
Furnace Oil / LSHS (Ltrs)	15.00	16.27	N.A.
Coal (Specify quality)	N.A.	N.A.	N.A.
Others (Specify)	N.A.	N.A.	N.A.

### FORM B

#### RESEARCH AND DEVELOPMENT (R & D):

The Company has well equipped Laboratory facilities with a highly qualified team of engineers and technologists who are conducting developmental work continuously.

#### 1. Specific areas in which R & D carried by the Company and benefits derived

- Oxide Analysis: Started study of relationship between relative reducibility v/s porosity of oxide feed.
- Introduced transition zone natural gas to improve product carbon.

- Development of processing of new grade BQS 26 in house (less than 20 ppm oxygen) as an import substitution.
- Improvement in lance cooling for reducing failures of lances, jackets, copper blocks at furnaces thereby obtaining higher life of the equipments.
- Nitrogen curtain for VWM motor for avoiding width change delays thereby improving productivity.
- Development of software of Virtual simulation for knowing machine response at Caster thereby improving productivity.
- Line pipe grades (API):**
  - Development of API 5L X-70 for higher thickness (15.13mm) with DWTT guarantee at sub-zero temperatures.
  - Development of API 5L X-60 for Sour service application.
  - Development of API 5L X-80 for thk less than 12 mm.
- Shipbuilding Grades:**

Developed DMR249A for Indian Navy for war shipbuilding application.

**Pressure vessel:** Pressure vessel grade for sour service application is developed which is a import substitution.

  - CRCA:** CQ, CRCA in microalloyed condition, Electrical Steel, Spheroidized steels, DDQ, EDDQ and IF steel.
  - Galvanizing:** IF steel (zero spangle, DX57D).
  - Characterization** of Iron ore pellets Various studies done with SEM.
  - Mathematical modeling** for process improvement..
  - Addition of Rolling Mill Scale from Hazira was tried mixing with normal iron ore fines resulting in Solid Waste Conversion Benefit for the Steel Complex.
  - Additional Cooling System was introduced in the process flow sheet for enhancing the capacity. This makes us the second plant in the world operating with after cooler system resulting in the increase in the production capacity has been established.

#### 2. Future Plan of action.

- Progress gas after cooler: To improve product carbon and process performance.
- Feasibility study of waste heat recovery unit to improve heat recovery at Module 1, 2 and 3.
- Feasibility study for provision of Power Generation using the waste heat from flue gas stack of all four modules.
- Feasibility study for LPG extraction from Natural gas.
- Feasibility study Cooling of DRI with more product carbon.
- Installation of Continuously Variable Crown (CVC) mechanism at Finishing Mill and new roll grinding machines to grind CVC rolls
- Change of work rolls to better quality rolls.
- HR PRODUCTS
  - API 5L X-80 up to 12.7 mm thickness through hot strip mill route.
  - API 5L X-70 in thickness above 16 mm with performance guarantee in DWTT test at sub-zero temperatures.
  - Essar intends to extend its product range by developing API 5L X-65 up to 12 mm thickness for sour service applications
  - Grade DMR 249A (ABA grade as per Russian Specifications) development of this grade up to 16 mm thickness and in bulb bar section.
  - Develop grades like 550 to 690 MC & higher, which demand a combination of high strength and fatigue properties. R&D and Product development is planning to develop QST 380 and QST 420 for laser cutting applications.
  - R&D and Product development is planning to develop a high strength steel conforming to grade 590, for M/s Volvo for applications in long and cross members.
- CRCA PRODUCTS R&D and product development has successfully developed the steels starting from D quality to IF quality for deep drawing applications in auto industries. In the current financial year the department intends to develop and commercialize the following grades through batch annealing route.
  - Development of high strength interstitial free steel (IFHS) or dent resistant steel for auto applications.
  - Development of deep drawing quality steel (DD) for white good applications in the thickness range of 0.40 to 0.60mm.
  - Development of structural steel conforming to H260LA to H420LA.
  - Development of Bake Hardening (BH180) steel.
  - Development of re-phosphorized steel for auto applications.
  - Development of Corten steel for railway wagons in CRCA conditions.



- (7) Development of TMBP (Tin Mill Black Plate) for three pieces cans applications.
- (8) Development of Electrical Steel with silicon up to 0.6%, for fan, inverter, refrigerator compressor pumps and mixer etc. conforming to grades 890DS, 660D and 560E of IS specifications.
- (j) **GALVANISED PRODUCTS**  
In the galvanized product category, R&D and Product development intends to accomplish the following projects.
- (1) Development of S550 GD in galvanized conditions for purlin applications.
- (2) Development of EDD and IF steels in galvanized and skin passed condition, conforming to DX54 & 56, for auto and colour coating applications.
- (k) Beneficiation Process, further recovery of Fe units from Tailings by adopting Column Flotation Process.

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. **Efforts, In brief made towards technology absorption, adaptation and Innovation**

- (a) The Company has fully absorbed the MIDREX technology obtained from Voest Alpine, Austria for the Production of HBI.
- (b) The Company has fully absorbed the METCHEM technology obtained from METCHEM Inc. Canada for the production of HRC.
- (c) The unit has fully absorbed the LURGI GmbH technology for manufacture of Iron Oxide Pellets.
- (d) Required plant modifications have been carried out to produce pellets using Organic Binder.

#### 2. Imported technology

Product	Technology from	Year of import	Status of absorption/adaptation
HBI (Sponge Iron)	MIDREX Corpn. U.S.A./Voest. Alpine, Austria	1989-90	Fully absorbed
HRC	METCHEM Inc. Canada	1991-94	Fully absorbed
Pellets	Lurgi Travelling Grate Process	1993	Fully absorbed

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(Amount in Rs.)

SR. NO.	PARTICULARS	Essar Steel (Jharkhand) Ltd.	Essar Steel (Chattisgarh) Ltd.
1	The relevant financial year of the subsidiaries company ended on	The first financial year ends on 30-9-06	The first financial year ends on 30-9-06
2	No. of Shares in the subsidiary Company held by Essar Steel Ltd	49,940 equity shares of Rs.10 each	49,940 equity shares of Rs.10 each
3	Extent of holding by Essar Steel Ltd as at the end of the financial period	99.88%	99.88%
4	The net aggregate amount of the Subsidiary Companies Profit / (Loss) so far as it concerns the members of the Holding Company	—	—
	a) Not dealt with in the Holding Company's Accounts : i) For the financial year ended 31 <sup>st</sup> March, 2006 ii) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	—	—
	b) Dealt with in the Holding Company's Accounts : i) For the financial year ended 31 <sup>st</sup> March, 2006 ii) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	NA*	NA*
5	Change of interest of Essar Steel Ltd in the subsidiary between the end of the financial year of subsidiary and that of Essar Steel Ltd	Nil*	Nil*
6	Material changes between the end of the financial year of the subsidiary and the end of the financial year of Essar Steel Ltd in respect of subsidiary's fixed assets, investments, monies lent and borrowed.		
	a) Fixed Assets b) Investments c) Money lent by the subsidiary d) Money borrowed by the subsidiary company other for meeting current liabilities (Net)		

\* Since the financial year of the subsidiary companies do not coincide with the financial year of Essar Steel Ltd

For and on behalf of the Board

**S.N. Ruia**  
Chairman

Mumbai, July 10, 2006

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE.

Essar Steel Limited believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholders' value. The Company's philosophy on Corporate Governance envisages attainment of high level transparency, accountability and integrity in the functioning of the Company and the conduct of its business, its relationship with employees, stakeholders, creditors, customers and institutional and other lenders. The company places due emphasis on regulatory compliance.

The Company has complied with all the mandatory requirements mentioned under Annexure 2 of the Code of Corporate Governance except for proceedings of the meetings of Investors Grievance Committee. The reasons for the same are mentioned under details pertaining to Shareholder Committee forming part of this report. In respect of Non Mandatory requirements mention under Annexure 3 the Company has partially complied with the same. (Refer point no. 16 B of this report)

### 2. BOARD OF DIRECTORS / BOARD PROCEDURE

The Company has a non-executive Chairman and the number of Independent Directors is more than one-third of the total number of Directors. The number of Non-Executive Directors is more than 50% of the total number of Directors.

The Board / Committee meetings are conducted as per well defined procedures and systems. The information placed before the Board includes Annual operating plans, capital budgets and any updates on the same, Quarterly results of the Company, notings of the proceeding of the meetings of audit Committee and other Committees of the Board, sale of material nature, of investments, subsidiaries, assets which are not in normal course of business and other items as mentioned under Clause 49 of Listing Agreement.

During the year four Board Meetings were held and the gap between two meetings did not exceed four months. The Board Meetings were held on April 13, 2005, July 27, 2005, October 28, 2005 and January 30, 2006.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all the companies in which he is a Director.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, and also the number of Directorships and Committee Memberships / Chairmanships held by them in other companies are given below:

Name	Category	Attendance		No. of Directorships and Other Committee Memberships / Other Chairmanships		
		Board Meetings	Last AGM	Other Directorships*	Other Committee Memberships **	Other Committee Chairmanships **
Shri Shashi Ruia	Promoter	4	Yes	9	1	-
Shri Ravi Ruia	Non Independent Non-Executive Promoter	1	No	9	1	-
Shri Prashant Ruia	Non Independent Non-Executive Promoter	3	Yes	9	2	-
Shri Sanjeev Shriya	Executive Independent	0	No	7	-	-
Shri Vikram Amin	Non Executive Non Independent	4	Yes	1	-	-
Shri S V Venkatesan	Executive Independent	3	No	7	4	2
Shri Jatinder Mehra	Non Executive Non Independent	2	No	9	-	-
Shri V G Raghavan	Non Executive Non Independent	4	Yes	11	2	-
Shri G D Goswami	Executive Independent	4	Yes	9	4	-
Shri Jitender Balakrishnan***	Non Executive Nominee of ICICI Independent	3	No	5	1	1
Shri G A Nayak***	Non Executive Nominee of IDBI Independent	3	No.	-	-	-
	Nominee of UTI					

\*The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

\*\* In accordance with Clause 49 of the listing agreement, Memberships / Chairmanships of only Audit Committee and Shareholders' Grievance Committees of all Public Limited Companies have been considered.

\*\*\*Shri Jitender Balakrishnan ceased to be Director (Nominee of IDBI) with effect from March 27, 2006. Shri G A Nayak ceased to be Director (Nominee of UTI) with effect from June 20, 2006.