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LLOYDS METALS

LLoyds Metals & Engineers Limited

Annual Report 2001-2002

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BOARD OF DIRECTORS

CHAIRMAN MUKESH R. GUPTA

MANAGING DIRECTOR B. L. AGARWAL

DIRECTORS

RAJESH R. GUPTA

E. S. JAYARAMAN (IDBI NOMINEE)

B. N. RATH

SHANTANU MOHAPATRA

BANKERS

STATE BANK OF INDIA

INDUSIND BANK LIMITED

CENTURION BANK LIMITED

REGISTRAR & SHARE TRANSFER AGENTS

Sarthak Capital Services Limited

Modern Mills Compound,

101, Keshavrao Khade Marg,

Jacob Circle, Mumbai- 400 011.

REGISTERED OFFICE

Plot No. A-9 & 10, MIDC Phase II, Dombivli (East),

Dist. Thane 421 201, Maharashtra

WORKS

PIPES & TUBES DIVISION

Plot No. M-1, Additional MIDC Area, Murbad,

Dist. Thane 421 401, Maharashtra

SPONGE IRON DIVISION

Plot No. A 1-2, MIDC Area, Ghugus,

Dist. Chandrapur, 442 505, Maharashtra

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NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of the Lloyds Metals & Engineers Limited will be held at Dombivli Gymkhana, P-9, MIDC, Phase-I, Dombivli (East)- 421 201, Dist. Thane on Tuesday, the 24th September 2002 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2002 and the Balance Sheet as at that date together with Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Shri Mukesh R Gupta, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Rajesh R Gupta who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration

   "RESOLVED THAT "M/s Todarwal & Todarwal, Chartered Accountants, Mumbai be and are hereby appointed as auditors of the Company to hold office until the conclusion of next Annual General Meeting and they are remunerated by way of such fees as the Board of Directors may determine.

SPECIAL BUSINESS

5. Alteration of Articles of Association

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

   "RESOLVED that pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the following new Article be inserted immediately after the respective existing Articles in the Articles of Association of the Company.

   Article 140 A- Whole-time Director

   Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its number as Whole-time Director or Whole time directors of the Company for fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, the Board may by resolution vest in such Whole-time Director or Whole-time Directors such of powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Whole-time Director shall be subject to the extent provisions of the Companies Act, 1956, applicable from time to time and may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes, or any other mode not expressly prohibited by the Act.

   "RESOLVED FURTHER that pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the following new Article be substituted immediately after the existing Article 141, in the Articles of Association of the Company

   Article 142- Managing Director/Whole-time Director- Special position

   A Managing Director/Whole-time Director shall not while he continues to hold that office be subject to the retirement by rotation, in accordance with Article 130, if he ceases to hold the office of Director he shall ipso facto and immediately ceases to be a Managing Director/ Whole-time Director.

By Order of the Board

Place : Mumbai
Date : 30th July, 2002

HEMANT K BORADE
Company Secretary

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF/ITSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxy Form and attendance slip are enclosed. Proxies, in order to be valid, must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from September 10, 2002 to September 24, 2002 (both days inclusive).
4. Members are requested to intimate to the Registrar and Share Transfer Agent M/s Sarthak Capital Services Limited, change of address, if any, in their registered address at an early date. Members are requested to mention their Folio No. in their correspondence.
5. Members desiring any information as regard to the Annual Accounts are requested to write to the Company so as to reach at lest 7 days before the date of the Meeting to enable the Management to keep the required information ready.
6. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividend upto financial year ended 31st March 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, CGO Complex, 2nd floor, CBD Belapur, Navi Mumbai.

By Order of the Board

Place : Mumbai
Date : 30th July, 2002

HEMANT K BORADE
Company Secretary

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

The Term of Office of the Auditors, M/s Lakhani & Company, Chartered Accountants, Mumbai is expiring at the conclusion of the ensuing Annual General Meeting. However they have expressed their unwillingness, due to their other preoccupations for the reappointment as Auditors to hold office until the conclusion of next Annual General Meeting. The Board recommends M/s Todarwal & Todarwal, Chartered Accountants, Mumbai for appointing as Auditors of the Company to hold the office from the conclusion of ensuing Annual General Meeting until the conclusion of next Annual General Meeting. The Board has received consent of M/s Todarwal & Todarwal, Chartered Accountants, and they have informed that their appointment will be within the limit of Section 224(1b) of the Companies Act, 1956, if appointed, to act as Auditors. The members are requested to appoint M/s Todarwal & Todarwal, Chartered Accountants, as Auditors and fix their remuneration.

None of the Directors of the Company is concerned or interested in the said resolution.

Item No. 5

The Company is proposing to induct Plant Incharge, who are responsible for day to day affairs of the Plant/Unit, as Directors on the Board of the Company. This will enable direct interaction of the plant incharge at Board level and likely to establish improved communication channel in the interest of smooth functioning of the plant. Since the appointee would be drawing remuneration they will be deemed as Whole-time Directors as per the provisions of Companies Act, 1956.

The consequential changes are required to be incorporated in the Articles of Association of the Company to appoint the Whole-time Directors and hence , your approval is sought to the proposed resolution.

The amended Articles of Association, as referred in the resolution is open for inspection at the Registered Office of the Company from 11.00 a.m. to 1.00 p.m. on all the working days of the Company till the date of Annual General Meeting.

None of the Directors of the Company is concerned or interested in the said resolution.

By Order of the Board

Place : Mumbai
Date : 30th July, 2002

HEMANT K BORADE
Company Secretary

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DIRECTORS' REPORT

Your Directors present the Twenty Fifth Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year ended 31st March 2002.

FINANCIAL RESULTS

(Rs. in Lacs)

	CURRENT YEAR 2001-2002	PREVIOUSYEAR 2000-2001
Sales	**11718.98**	11475.40
Other Income	**118.85**	195.18
TOTAL INCOME	**11837.83**	11670.58
Profit Before Interest & Depreciation	**422.15**	844.09
Less: Interest & Finance charges	**7458.72**	6482.74
Gross Profit/(Loss)	**(7036.57)**	(5638.65)
Add: Depreciation	**1593.97**	1593.19
Loss Before Tax	**8630.54**	7231.85
Add: Provision for Wealth Tax	**0.00**	0.00
Loss after Tax	**8630.54**	7231.85
Less:		
Excess provision of Depreciation for earlier year written back	**0.00**	0.04
Prior period expenses (Net)	**0.20**	130.0
Income Tax Refund of earlier year	**3.42**	0.00
Net Loss	**8626.92**	7361.82
Add:-		
Loss Balance b/f from previous year	**16210.39**	8848.57
Less:-		
Set off against General Reserve	**3943.51**	3943.51
Balance Carried Forward	**20893.80**	12266.88

DIVIDEND

In view of the Loss, the Directors have not recommended any dividend for the year ended 31st March 2002.

OPERATIONS AND OVERALL PERFORMANCE

During the year the total income of the Company is Rs. 11837.83 lacs against Rs. 11670.58 Lacs in the previous year, shows a marginal improvement. The ongoing working capital constraint & continuing slowdown in the user industry has affected the operations of the Company during the last two quarters of the year. The rising cost of production without corresponding increase in realisation has narrowed down the margins. The Profit before Interest and Depreciation has declined from Rs. 844.09 lacs to 422.15 lacs during the current year.

PIPE DIVISION

The total income of Pipe Division at Murbad was Rs. 4519.23 Lacs as compared to Rs. 4335.25 Lacs in the previous year. Inspite of the uneven flow of orders and continued depression, the company has shown some improvement in the sales realisation. Total Export during the year was Rs. 1531.80 lacs as compared to Rs. 1451.74 lacs during the previous year recording relatively minor increase as compared to last year.

SPONGE IRON DIVISION

The total income of the Sponge Iron Division remained constant at Rs. 7248.32 Lacs against Rs. 7288.18 Lacs in the previous year.

ENVIRONMENT & SOCIAL OBLIGATION

The company maintains the pollution free environment in and around its plants. Massive tree plantation has been done inside the factory area as well as in nearby villages during the year.

REFERENCE TO BIFR

Based on the Audited Balance Sheet for the year ended 31st March 2002, your Board has formed an opinion that the Company has become a Sick Company as defined under Section 3 (1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985 and reference will be made to the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) to seek determination of measures which would be adopted as required under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

FUTURE OUTLOOK

The world at large is grappling with the over capacity problem in the steel sector. However Indian Industry is very fragmented and a part of the capacity is inefficient and unviable, The large players were themselves unable to perform well and as a result there was no one with pockets deep enough to drive consolidation. However , the initial indications are that 2002 would be a better year as far as demand is concerned. Of late there has been some revival in the automobile sector. The recovery in the automobile sector is expected to benefit the steel industry. The Government is also talking about pump priming the economy. Any step up in the government expenditure on infrastructure projects is also likely to benefit the steel sector.

INDUSTRIAL RELATIONS

The Industrial Relations with Labour remained very cordial throughout the year.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

For the Company, the year 2001-2002 was not better than ever. On the operation side while the total steel industry is facing the problem of demand and oversupply, your Company was also not an exception. The total production and realisation was somewhat on decreasing trend.

Sales turnover

The Sales Turnover of the Company during the year under review was Rs. 11718.98 lacs as against Rs. 11475.40 Lacs for the previous year. However the Company is now more focusing on the export of the pipes.

Adequacy of Internal Control

Company has a very effective internal control system covering both accounting and administrative controls.

Balance Sheet

Particulars	As at March 31, 2002	As at March 31, 2001
Liabilities		
Share Capital	3943.05	3943.05
Reserve & Surplus	9429.22	9433.22
Loan Fund	47888.53	40495.83
Total Liabilities	**61260.80**	**53872.10**
Assets		
Net Fixed Assets	33547.53	35101.26
Investments	157.41	157.41
Net Working Capital	6480.91	6097.59
Misc. Expenditure	181.15	248.96
Profit & Loss A/c	20893.80	12266.88
Total Assets	**61260.80**	**53872.10**

Share Capital

Company's share capital remained at Rs. 3943.05 Lacs during the year.

Loan Funds

Company's Loan fund have been at Rs. 47888.53 Lacs during the year.

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Investments

Investment during the year remained at Rs.157.41 Lacs.

Human Resources / Industrial Relations

Despite uncertainties prevailing during the year under review on account of sluggish market condition and working capital constraints management was able to ensure high morale of the employees.

No. of employees as on 31.03.2002 was 585.

Out look for the 2002-2003

The outlook for 2002-2003 has to be viewed in the context of policies of Government as well as international prices of Iron and Steel products, market conditions, entry of China, exchange fluctuations etc.

DIRECTORS

Mr. E. S. Jayaraman has been appointed as Nominee Director by IDBI Limited on the Board w.e.f. 24.04.2002 in place of Mr. G. Venkatraman. Mr. R. N. Vyas has resigned from directorship w.e.f. 30.11.2001.

The Board places on record its sincere appreciation for the valuable contributions made by Mr. G. Venkatraman and Mr. R. N. Vyas during their association with the Company.

The Directors take pleasure in welcoming Mr. E. S. Jayaraman who is possessing rich and varied experience, on the Board and are sure that your Company will be benefited immensely.

Mr. Mukesh R Gupta and Mr. Rajesh R Gupta, Directors of the Company will retire by rotation and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. that in the preparation of annual accounts for the financial year ended 31st March 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
3. That 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;
4. Final Accounts have been prepared on going concern basis.

CORPORATE GOVERNANCE

Pursuant to the amendment to the Listing Agreement your Company has set up an Audit Committee and Investor Grievance Committee. It has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreement of the Stock Exchanges, with which the Company is listed, are complied with.

A separate report on Corporate Governance is produced as part of the Annual Report along with the Auditor's Certificate on it's compliance.

DELISTING OF SHARES

As the Members are aware that Company's shares are listed at Ahmedabad, Delhi and Mumbai Stock Exchanges. Pursuant to resolution passed at Annual General Meeting of the Company held on 23rd September 1999 the Company has initiated steps to delist its shares from Ahmedabad and Delhi Stock Exchange after complying with Stock Exchange and SEBI guidelines in this regard. Accordingly the Company had requested the respective Stock exchanges on December 28th 2001 to delist the Company's securities form their exchange.

FIXED DEPOSITS

As on March 31, 2002 there were unclaimed deposits amounting to Rs. 1.03 Lacs. Steps are being taken to clear the same.

AUDITORS & AUDITORS' REPORT

The Term of Office of the Auditors, M/s Lakhani & Company, Chartered Accountants, Mumbai is expiring at the conclusion of the ensuing Annual General Meeting. However they have expressed their unwillingness due to their other preoccupations, for the reappointment as Auditors to hold office until the conclusion of next Annual General Meeting. The Board recommends M/s Todarwal & Todarwal, Chartered Accountants, Mumbai for appointing as Auditors of the Company to hold the office from the conclusion of ensuing Annual General Meeting until the conclusion of next Annual General Meeting. The Board has received consent of Ms/ Todarwal & Todarwal,Chartered Accountants, and they have informed that their appointment will be within the limit of Section 224(1b) of the Companies Act, 1956, if appointed, to act as Auditors. The members are requested to appoint M/s Todarwal & Todarwal, Chartered Accountants, as Auditors and fix their remuneration.

As regards qualification mentioned at Sr. No. 4 (e)(i) the directors wish to state that in view of the sustained losses there is no reasonable certainty that liabilities shall be recovered and in respect of Sr. No. 4 (e) (ii) In view of the ongoing discussions for restructuring the interest liability, the Company has not provided for interest on some overdue repayments.

PARTICULARS OF EMPLOYEES

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 the accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are set out in Annexure 'A" forming part of this report.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors, Shareholders of the Company. Your Directors express their appreciation for the dedicated and sincere services rendered by employees of the company.

For and on behalf of Board of Directors

PLACE : Mumbai
DATE : 30th July, 2002

MUKESH R GUPTA
Chairman

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ANNEXURE - A

STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2002.

A) CONSERVATION OF ENERGY

Energy Conservation measures taken

Pipe Division

Installed Capacitor Banks at important points to improve the power factor and thereby reduced the maximum demand. Planning for shutdown of plant is properly done well in advance informing the MSEB as well as our service department, which reduces the wasteful use of service equipment.

Sponge Iron Division

The Sponge Iron division achieved considerable reduction in electrical energy consumption from last year to this year by taking various steps. Following are the achievements made.

1. Power factor has been achieved 1.0 level (0.9999). This contributed to 7% rebate on electrical power charges.
2. Maximum Demand level has decreased from last year thus saving in power cost.
3. Electrical energy consumption has reduced on an overall basis.

Efforts are on to replace some higher capacity fans and blowers with modified designed fans so that electrical power consumption is further reduced.

B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Research & Development, Technology Absorption, Adoption and Innovation

Pipe Division

The Division has successfully produced Large Square section in high tensile Steel Pipe and A. P. I. Pipes confirming to American Standards for petroleum pipes.

The division has a separate wing for Project and Development and uses in house technology for improvement in the quality of the product.

Sponge Iron Division

Company is using more Hospet ore successfully which has cost advantage.

Further to save in raw material cost from this year company started using less costly EPROM coal from WCL mines. The process is under stabilization with this type of coal.

C) FOREIGN EXCHANGE EARNING & OUTGO

(Rs. In Lacs)

	2001-2002	2000-2001
1. Foreign Exchange Earning [on FOB basis]		
Export of Steel Tubes/Pipes	1531.80	1451.74
	1531.80	**1451.74**
2. Foreign Exchange Outgo		
Interest	63.23	193.29
Commission	14.68	17.80
Legal & Professional Charges	3.15	1.32
Bank Charges	NIL	0.03
Other finance charges	NIL	0.76
	81.06	**213.20**

For and on behalf of Board of Directors

PLACE : Mumbai
DATE : 30th July, 2002

MUKESH R GUPTA
Chairman

FORM -A

Forms of disclosure of particulars with respect to conservation of energy

	UNIT	2001-2002	2000-2001
A) POWER & FUEL CONSUMPTION			
1. Electricity			
a) Purchased			
Units	Kwh	13498885	14540250
Total Amount	Rs.	52428754	56692168
Rate/Unit	Rs/Kwh	3.89	3.90
b) (I) Own Generation Through Diesel Generator			
Units	Kwh	34028	25575
Unit/Ltr of Fuel Oil	Kwh/Ltr	2.41	1.46
Cost/ Unit	Rs./Kwh	8.04	13.25
b) (II) Through Steam Turbine/ Generator			
Units	Kwh	NIL	NIL
Unit/Ltr. Of Fuel Oil	Kwh/Ltr	NIL	NIL
Cost/Unit	Rs./Kwh	NIL	NIL
2. Coal			
Quantity	Tonne	225005	210437
Total Cost	Rs.	322225428	269839129
Average Rate	Rs./Tonne	1432.08	1282.28
3. Furnace Oil			
Quantity	Ltr.	426475	305500
Total Cost	Rs.	3515317	2677580
Average Rate	Rs./Ltr.	8.24	8.76
4. LDO/HSD			
Quantity	Ltr.	3849	3150
Total Cost	Rs.	74439.66	60921
Average Rate	Rs./Ltr	19.34	19.34
B) CONSUMPTION PER UNIT OF PRODUCTION			
i) Product Pipe/ Tubes			
Unit	Mt.		
Electricity	Kwh	117.26	120.60
Furnace Oil / LDO	Ltr	24.69	41.23
Coal	Tonne	NIL	NIL
ii) Product Sponge Iron			
Unit	Mt.		
Electricity	Kwh	106.42	112.57
Furnace Oil	Ltr.	NIL	NIL
Coal	Tonne	2.09	1.90
LDO	Ltr.	NIL	NIL

For and on behalf of Board of Directors

PLACE : Mumbai
DATE : 30th July, 2002

MUKESH R GUPTA
Chairman

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CORPORATE GOVERNANCE

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Board of Directors of Lloyds Metals & Engineers Limited

We have reviewed implementation of Corporate Governance procedure set by Lloyds Metals & Engineers Limited ("The Company") for the year ended 31st March 2002 with the relevant records and documents maintained by the Company and furnished to us for our review.

Based on our verification and information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

For **LAKHANI & CO.**
Chartered Accountants

Mumbai
Dated:- May 21, 2002

R. S. Chadha
Partner

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to maintain highest level of Corporate Governance with transparency & Corporate Accountability in its actions & operations and to become a good Corporate Citizen.

2. BOARD OF DIRECTORS

The Board consists of Mr. Mukesh R Gupta, Chairman, Non-Executive promoter Director, Mr Rajesh R Gupta, Non-Executive Promoter Director and Mr. B. L .Agarwal is Managing Director of the Company.

Mr. G. Venkatraman, Non-executive Independent Nominee Director appointed by IDBI Limited has been withdrawn w.e.f 24.04.2002 and Mr. E. S. Jayaraman has been appointed on the Board.

Mr. R. N. Vyas, Mr. Shantanu Mohapatra and Mr. B. N. Rath are independent Non-Executive Directors

Mr. R. N. Vyas has resigned during the year.

Attendance of each Director at the Board of Directors meetings and the last AGM is as follows.

Director	No. of meetings held	Attended	Last AGM Attended	No. of Directorship in other Public Company	Remarks
Mr. Mukesh R. Gupta	4	4	Yes	4	
Mr. Rajesh R. Gupta	4	4	Yes	4	
Mr. B.L. Agarwal	4	4	Yes	4	
Mr. R. N. Vyas	4	2	No		Resigned on 30.11.2001
Mr. G. Venkatraman	4	4	No		Withdrawn w.e.f. 24.04.2002
Mr. E. S. Jayaraman	0	0	No	2	Appointed on 24.04.2002
Mr. Shantanu Mohapatra	4	3	No	1	
Mr. B. N. Rath	4	1	No	3	

Number of Board of Director's meeting held and the dates on which held.

4 (Four) Board Meetings were held during the year, as per the statutory requirement. The dates on which the meetings were held were as follows :

05th June 2001, 31st July 2001, 30th October 2001 and 30th January 2002.

3. AUDIT COMMITTEE

The Company had already constituted an Audit Committee comprising of 4 directors out of which 3 are independent non-executive directors. 3 independent directors includes one nominee director of IDBI and 2 independent non executive directors which are as follows :

Mr. Shantanu Mohapatra	Chairman	Independent Director
Mr. Mukesh R. Gupta		Group Chairman
Mr. G. Venkatraman		IDBI-Nominee Director-withdrawn w.e.f. 24.04.2002
Mr. E. S. Jayaraman		IDBI-Nominee Director w.e.f 24.04.2002
Mr. R. N. Vyas		Independent Director

During the year Shri. R. N. Vyas has resigned from the directorship of the company. Mr. G. Venkatraman had been withdrawn and Mr. E. S. Jayaraman had been appointed as Nominee Director by IDBI Limited w.e.f. 24.04.2002.

The broad terms of reference of Audit Committee are as follows :-

Review of internal control and audit system.

Review of the Company's financial progress and report.

Review of the Company's working capital and loan position

Review of the Company's Division wise activities and the operation performed at the divisional level.

Review of the Company's sales policies and the debt recovery

Review of the Company's purchase, consumption of raw material and other stores.

Review of Risk Management policies and practices.

The Committee has met 4 times during the financial year ended March 31st 2002. Mr. R. N. Vyas had attended 3 meetings and resigned afterwards. and Mr. Shantanu Mohapatra had attended three meetings.

4. REMUNERATION COMMITTEE

The remuneration of director in all the cases is decided by the Board subject to necessary approval of shareholders and other applicable approvals, if any save and except Mr. B. L. Agarwal, Managing Director, no other director is drawing remuneration.

During the year Mr. B. L. Agarwal, Managing Director has been paid aggregate remuneration of Rs.24,00,000 by way of Salary & Remuneration.

All the Directors except Managing Director, are in receipt of sitting fees of Rs.1000/- per meeting attended by them. This is as per the Articles of Association of the Company.

5. SHAREHOLDERS' COMMITTEE

The Company has constituted the Share Transfer Committee comprising of 2 promoter directors, one non executive independent director Mr. Mukesh R. Gupta, Mr. B.L. Agarwal and Mr. R.N. Vyas are the members of the share transfer committee.

The Committee oversees the performance of the Registrar and Transfer Agents and recommend measures to improve the level of investor services.

The Committee meets fortnightly for the approval of the share transfers/ issue of duplicate shares/replacements etc.

The Board has designated Mr. Hemant K Borade, Company Secretary, as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of the shareholders during the year are as follows :

Description	Received	Replied
Consumer Forum	Nil	Nil
Bombay Stock Exchange	Nil	Nil
SEBI Complaints	3	3
Legal Notice	Nil	Nil
Misc	99	99

During the year Mr. R. N. Vyas resigned from the Board.

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