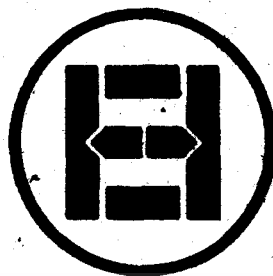


16TH ANNUAL REPORT 2002-2003



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OXIDES AND SPECIALITIES LIMITED
(Formerly Herdillia Oxides and Electronics Limited)

DUNCAN GOENKA



OXIDES AND SPECIALITIES LIMITED

BOARD OF DIRECTORS

N. S. PARULEKAR

A. K. GOENKA

J. S. NEERAV

V. B. DALAL

P. S. SHARMA

G. G. GOGATE
(upto 29-05-2003)

Managing Director

BANKERS

State Bank of India

Janata Sahakari Bank Limited, Pune

AUDITORS

Lodha & Company

REGISTERED OFFICE & WORKS

F-1, MIDC, Lote Parshuram
Tal. Khed,
Dist. Ratnagiri (Mah.) - 415 722

CORPORATE OFFICE

2/2, TTC Industrial Area, (D Block)
M.I.D.C. Thane-Belapur Road,
Turbhe, Navi Mumbai - 400 705.

REGISTRAR & TRANSFER AGENTS

Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Sakivihar Road,
Saki Naka, Andheri (E),
Mumbai - 400 072.

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OXIDES AND SPECIALITIES LIMITED

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of the Company will be held at the Registered Office of the Company at F/1, MIDC, Lote-Parshuram, Tal: Khed, Dist. Ratnagiri (Mah.)-415 722 on Friday, the August 22, 2003 at 2:00 p. m. to transact the following business :

ORDINARY BUSINESS

1. To consider, receive and adopt the Audited Accounts for the year ended March 31, 2003 together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. A. K. Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. J. S. Neerav, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting 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 an Ordinary Resolution :

"RESOLVED THAT Mr. P. S. Sharma, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 159 of the Articles of Association of the Company, and in respect of whom the Company has received notice in writing from a member of the Company expressing his intention of proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT the Authorised Share Capital of the Company divided into 2,00,00,000 Equity Shares of Rs. 10/- each be and is hereby divided into 1,50,00,000 Equity Shares of Rs. 10/- each and 50,00,000 Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/- each and that the Company's Memorandum of Association be and is hereby altered by substituting the following words at the beginning of the Clause V in place of "The Authorised Capital (Rupees Ten Only) each."

"The Authorised Share Capital of the Company is Rs. 20,00,00,000 (Rs. Twenty Crores Only) divided into Rs. 1,50,00,000 (Rs. One Crore Fifty Lacs Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 50,00,000 (Fifty Lacs Only) Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/- each."

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

"RESOLVED THAT subject to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the first three lines of Article No. 3 read as Rs. 20,00,00,000 (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each be deleted and substituted by —

"The Authorised Share Capital of the Company is Rs. 20,00,00,000 (Rupees Twenty Crores Only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 50,00,000 (Fifty Lacs) Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/- (Rupees Ten Only) each."

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

"RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies

Act, 1956 and subject to the approval of the Securities and Exchange Board of India (SEBI) and such other authorities whose permissions and sanctions as may be necessary and subject also to such terms and conditions, alterations and modifications as may be prescribed and specified by any of them while granting such approvals, permission and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") the consent of the Company be and is hereby given to the Board to issue for cash 5% Cumulative Redeemable Preference Share (CRPS) of the aggregate amount not exceeding Rs. 4,50,00,000/- (Rupees Four Crores Fifty Lacs Only) to the Promoters of the Company and to such other persons the Board may approve at such time and on such terms and conditions, including the number of shares to be issued as the Board may in its absolute discretion deem fit in the best interest of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to the issue of Cumulative Redeemable Preference Shares (CRPS), the Board be and is hereby authorised to make necessary applications from time to time to various authorities as may be necessary and accept on behalf of the Company such modifications and alterations to the terms and conditions of the issue as may be considered necessary or desirable to effect such modifications and alterations, to settle all questions that may arise with regard to the issue of Cumulative Redeemable Preference Shares (CRPS) and do all matters connected therewith or incidental thereto as may be necessary, proper or expedient."

By Order of the Board

P. S. SHARMA
Director

Date : May 28, 2003.

Registered Office :

F/1, MIDC Area
Lote-Parshuram Tal, Khed,
Dist. Ratnagiri (Maharashtra) - 415 722.

NOTES :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member of the Company.
2. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No. 5, 6, 7 & 8 are annexed hereto.
3. The proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the meeting.
4. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 10:30 a.m. and 12:30 p.m. on all working days except Saturdays and holidays upto the date of the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, August 8, 2003 to Friday, August 22, 2003 (both days inclusive).
6. Members/Proxies who attend the Meeting are requested to bring the enclosed attendance slip duly filled in and deliver the same at the entrance of the Meeting Hall.
7. Members are requested to bring their copies of the Annual Report at the time of attending the Meeting.
8. Members who are holding Company's shares in dematerialised form are requested to bring details of their DP and Client ID number for identification.
9. As required under the Listing Agreement with the Stock Exchanges the particulars of Directors who are proposed to be re-appointed are given below.

(A)	(i) Name	: Mr. A. K. Goenka
	(ii) Age	: 72 Years
	(iii) Qualification	: B.A. (Econ. Honours), MBA
	(iv) Experience	: Former Chairman, General Insurance Corporation of India.

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- Economic Advisor, UNCTAD, Geneva. Faculty member of Nanyang Technological University, Singapore. Mr. Goenka has wide experience in the Insurance Sector and is also an academican with background in economics and management studies.
- (v) Director of the Company : Since April 17, 1998.
- (vi) other Directorship : Birla Sunlife Asset Management Co. Ltd.
NRC Ltd.
- (B) (i) Name : Mr. J. S. Neerav
(ii) - Age : 60 Years
(iii) Qualification : B.A. (Hon.) Diploma in Personnel Management, Law Graduate from Nagpur University. Advance Management Courses from Harvard Business School of US.
- (iv) Experience : Ex Managing Director of Bakelite Hylam Ltd. and Star paper Mills Ltd. Mr. J. S. Neerav is having 38 years experience in various functional areas.
- (v) Director of the Company: Since July 30, 2001.
- (vi) Other Directorship : Nil.

As per Clause V of the Memorandum of Association and Article 3 of the Articles of Association, the Authorised Capital for the time being can be divided into several classes with such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being.

The proposal for division of the Authorised Share Capital into Equity and Preference shares and consequent amendment to the Memorandum and Articles of Association of the Company as well as issuance of CRPS on preferential basis requires approval of the members. Hence resolution at item no. 6, 7 & 8 are placed before the meeting for the approval of the members.

None of the Directors other than Mr. P. S. Sharma is in any way interested or concerned in passing of resolution No. 6, 7 & 8.

By Order of the Board

P. S. SHARMA
Director

Date : May 28, 2003.

Registered Office :

F/1, MIDC Area
Lote-Parshuram
Dist. Ratnagiri (Maharashtra) - 415 722.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

The Board of Directors at its meeting held on May 28, 2003 has appointed Mr. P.S. Sharma as an Additional Director of the Company. In accordance with Section 260 of the Companies Act, 1956, and Article 159 of the Article of Association of the Company, he holds office upto the date of this Annual General Meeting.

Mr. P.S. Sharma holds a B.E. (Chemical) Degree in 1st class. He served with DCM group for 35 years including last 9 years as Executive Director of DCM Shriram Industries Limited. Presently Mr. Sharma is Managing Director of NRC Ltd. and during his tenure as Managing Director of NRC Limited has successfully implemented several measures which have improved operating results of the Company considerably. Considering the varied contributions, the Board of Directors is of the view that it will be of advantage to the Company to have Mr. Sharma on the Board of Directors of the Company.

The Company has received notice in writing from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. P. S. Sharma as a Director of the Company at the ensuing Annual General Meeting together with requisite deposit as required by law.

None of the Directors other than Mr. P. S. Sharma may be deemed to be concerned or interested in this resolution.

ITEM NO. 6, 7 & 8

Subha Shanti Services Ltd., a group Company had advanced money to the company from time to time by way of ICDs etc. The Company is not in a position to repay the money. The outstanding amount together with interest provided upto 30-06-1999 to the extent of Rs. 475 Lacs outstanding as on 31-03-2003 in the books of accounts of the Company is proposed to be converted into 5% Cumulative Redeemable Preference Shares (CRPS).

Currently the issued, subscribed and paid-up capital of the Company is Rs. 11,66,98,220/- divided into 1,16,69,822 equity shares of Rs. 10/- each. The Authorised share capital of the Company of Rs. 20 Crores needs to be divided into equity shares and preference shares to accommodate the issuance of 5% CRPS to Shubh Shanti Services Limited.

OXIDES AND SPECIALITIES LIMITED

REPORT OF THE DIRECTORS

The Directors present herewith their Sixteen Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2003.

1. FINANCIAL RESULTS

	(Rs. in lacs)	
	2002 - 03	2001 - 02
Sales	556.35	713.80
Other Income	45.07	70.95
	601.42	784.75
Profit/(Loss) before depreciation	(61.93)	(115.14)
Depreciation	173.53	176.08
Profit/(Loss) before exceptional items	(235.45)	(291.22)
Interest expenses of earlier years written back	—	196.85
Profit/(Loss) for the year	(235.45)	(94.37)
Balance of (loss) brought forward from previous year	(840.54)	(746.17)
PROFIT/(LOSS) CARRIED TO BALANCE SHEET	(1075.99)	(840.54)

2. OPERATIONS

Sales quantities of Magnetic Iron Oxide registered a 18 % decrease over the previous year. The domestic market for MIO, suffering from poor performance of film music and imports of coated tape at low prices, showed a decline of more than 35%. However, the Company was able to increase its market share marginally. Export of MIO was significantly lower than anticipated. Sales of Ferrous Salts continue to be poor.

Due to continuing adverse business conditions, capacity utilisation of MIO plant continues to be at sub-optimal level.

3. DIVIDEND

In view of the continuing losses your Directors regret that they cannot declare Dividend for the year.

4. FUTURE OUTLOOK

The Company's domestic business is primarily driven by success of "Musical" Hindi films. Internationally, and in India too, CDs and MP3 are increasingly becoming the preferred delivery media for high-end music market, and MIO consumption is recording negative growth. The impact of this trend, however, is more on the MIO units located in developed countries, because of their higher cost structure.

From the Company's perspective, because of its low cost structure, the prospects in the medium term appear favourable. The current trends are indicating a restructuring and revival in the industry. Realisations will continue to be under pressure, but with strong cost control measures in place, the Company can expect to take advantage of the shifting global trends.

5. PARTICULARS OF EMPLOYEES

The provision of Section 2(7) (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended are not applicable to the Company as none of the employees throughout the year or employed for part of the year has received remuneration equal to or exceeding the limits prescribed in the said section.

6. THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

Particulars under Section 217(1)(e) of the Companies Act, 1956 relating to the conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure to the Directors' Report.

7. DIRECTORS

Mr. P. S. Sharma was appointed as an Additional Director of the Company on May 28, 2003.

The Company has received notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 signifying intention to propose Mr. P. S. Sharma as Director of the Company at the forthcoming Annual General Meeting.

Mr. A. K. Goenka and Mr. J. S. Neerav, Directors, retire by rotation at the Annual General Meeting and being eligible, offer themselves for re-appointment.

8. FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits from the public pursuant to Section 58-A of the Companies Act, 1956.

9. AUDITORS' REPORT

The notes referred to in Auditors' Report are dealt with herein below.

The accounts for the year have been prepared on a going concern basis as for the long term prospects appear conducive in view of the export potential of the product and expected revival of domestic market.

The accumulated losses were adjusted against the revaluation reserve in accordance with legal advice.

The interest of Rs. 949.58 lacs upto the year end on unsecured loans/debentures will be accounted on cash basis, hence no provision for accrued liability of interest has been made in the accounts.

10. REPORT ON CORPORATE GOVERNANCE

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

11. DEMATERIALISATION OF SHARES

In terms of the notification issued by the Securities and Exchange Board of India (SEBI) the Company has dematerialised its shares.

The Company has so far dematerialised 80,44,000 Equity Shares representing 68.93 % of the total Paid-up Capital of the Company as on March 31, 2003.

12. SICK INDUSTRIAL COMPANIES (Special Provisions) ACT, 1985.

Consequent upon erosion in excess of 50% of peak net worth of the Company, Report as to such erosion under Section 23 of the Sick Industrial Companies (Special Provision) Act, 1985 has been sent to the Board for Industrial and Financial Reconstruction (BIFR). The Company has not received any order of the BIFR on its Report.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- the Directors had selected such 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/loss of the Company for that period.
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors had prepared the annual accounts on a going concern basis.

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14. AUDITORS

The Auditors, M/s. Lodha & Company, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The members are requested to appoint Auditors for the current year and fix their remuneration.

15. ACKNOWLEDGEMENTS

The Directors thankfully acknowledge and place on record their appreciation of the support and co-operation received by the Company from Financial Institutions, Banks, Customers, Suppliers and Promoters.

The Directors also wish to place on record their special appreciation of the contribution made by employees at all levels during the year and for having stood by the Company in these testing times. The Directors look forward to their continued support.

By Order of the Board

(N. S. PARULEKAR)
DIRECTOR

(P. S. SHARMA)
DIRECTOR

Dated : May 28, 2003.

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTOR'S REPORT.

A. CONSERVATION OF ENERGY :

(a) Energy Conservation Measures taken :

The plant is so designed as to conserve energy at optimum level of operation. Energy losses were kept at minimum level.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

The Company is monitoring the power factor to maximise rebates on power bills.

(c) Impact of energy conservation measures :

The energy conservation measures have resulted in restricting consumption of electricity and saving in expenditure in spite of sub optimal production and increased tariff.

(d) Total energy consumption and energy consumption per unit of production :

Form 'A' of the Annexure to the Rules is not applicable as the Company is not covered under the list of specified industries.

B. TECHNOLOGY ABSORPTION :

I. RESEARCH AND DEVELOPMENT (R & D)

1. Specify areas in which R & D carried out by the Company :

Product upgradation and magnetic particles studies. Development of new grade of MIO and further improvement in pigment to suit requirements of customers.

2. Benefit derived as a result of the above R & D :

Improved quality of Magnetic Iron Oxides for audio tapes are being produced. Developed Synthetic Yellow Iron Oxide Pigment and Ferrous Fumarate and products commercialized.

3. Further plan of action :

Proposal to put a bench scale facility and testing equipment for process optimisation and developmental work on other applications of Iron Oxides and for development of new chemicals.

4. Expenditure on R & D :

Nil

II Technology absorption, adaptation and Innovation :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :

The technology received from collaborators has been fully absorbed and adapted to Indian conditions.

2. Benefits derived as a result of the above efforts :

Complete range of Magnetic Iron Oxide produced for audio, video, computer tapes and floppies.

3. Information in case of technology imported during the last 5 years reckoned from the beginning of the financial year :

(a)	Technology	:	N. A.
(b)	Year of import	:	N. A.
(c)	Has technology been fully absorbed ?	:	N. A.
(d)	If not fully absorbed, area where this has not taken place, reasons therefore & future plans of action	:	N. A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

1.	Earnings	:	Rs. 123.97 lacs
2.	Outgo	:	Rs. 2.21 lacs

OXIDES AND SPECIALITIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure and Development :

The main product of the Company is Magnetic Iron Oxide (MIO) also known as Gamma Ferric Oxide (GFO) used for coating polyester films to make Magnetic Tapes for use in audio, video, data and computer applications including for swipe cards of toners.

The technology is from Magnox Inc., Pulaski, Virginia, U.S.A.

The Company has diversified into the manufacture of Ferrous salts to US Pharmacopeial standards and Iron Oxide colour pigments as an import substitution for inter national pigments.

b) Opportunities and Threats :

The Company has major market share in the domestic MIO business and is currently exporting its products to various countries such as Korea, Turkey, Malaysia and Spain.

The Company enjoys good reputation amongst its clients for quality of products and services.

Imposition of safeguard duty in January- 2001 on MIO has helped to improve the domestic market share and realisation. The same will be valid till end July-2003 only.

Globally, magnetic tapes usage is declining with the advent of alternate formats like CD's, CD-R, DVD and online availability of music through cable and internet.

Product like Ferrous Fumarate is getting replaced by cheaper ferrous sulphate globally (except USA) as iron supplement leading to erosion in growth of Ferrous Fumarate business.

Iron Oxide Pigment manufactured by the Company is a high end product with limited high cost paint application.

c) Segmentwise or productwise performance :

The domestic market for MIO is largely influenced by the performance of films and film music and import of coated tapes. Due to the unpredictable and wide fluctuation of success of films, and imports of cheap coated tapes, the domestic market volume has been declining. Thus, capacity utilisation of MIO plant is at sub-optimal level due to lack of adequate domestic demand and the time taken for fully developing the export market potential.

Sales of Ferrous Fumarate have started declining due to recessionary trends in international markets. Iron Oxide Pigment has a very limited niche market in India.

d) Outlook, risks and concern :

Due to technological and environmental changes mainly the replacement of Analog with Digital Formats, magnetic storage by optical storage and online connectivity, the use of magnetic tapes worldwide has reduced in the last few years creating a surplus supply capacity without matching demand for consumption. It is only in a few countries like India, China and Middle East that demand for magnetic tapes, specially in the form of audio cassettes is still growing albeit at low rates. Hence there has been a tendency of international producers and exporters to target the Indian market for larger imports into India at gradually diminishing rates.

e) Internal control systems and their adequacy :

There is adequate internal control system in the Company through Internal Audit and regular operations reviews.

f) Financial performance with respect to operational performance :

The overall performance of the Company over the previous year was not as anticipated. As compared to the previous year, sales of MIO had registered a 18% decrease. Production of MIO was lower at 39% of total capacity and sales realisation was lower by 10%.

g) Development in Human Resources / Industrial Relations Front :

The industrial relations are cordial. The number of employees are at the optimum level.

ANNUAL REPORT 2002-2003**CORPORATE GOVERNANCE REPORT**

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below :

A. MANDATORY REQUIREMENTS**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

The Company's Philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including its inter-action with employees, shareholders, creditors, consumers and institutional and other lenders and places due emphasis on regulatory compliance.

The Company will continue its efforts in raising the standards in Corporate Governance and will also review its systems and procedures constantly to keep pace with the changing economic environment.

2. BOARD OF DIRECTORS :**COMPOSITION AND CATEGORY**

The present strength of the Board of Directors is six, whose composition is given below :

	No. of Directors
1 Non-promoter , Executive Director	1
2 Independent, Non-Executive Directors	5

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he is a Member/Chairman are as under :

Name of Director	Category	No. of other Public Directorship (*)	No. of membership of other Board Committees	No. of Board Committees for which Chairman
Shri N. S. Parulekar	Independent, Non-Executive	8	7	4
Shri Ashok K. Goenka	Independent, Non-Executive	2	—	—
Shri J. S. Neerav	Independent, Non-Executive	—	—	—
Shri V. B. Dalal	Independent, Non-Executive	—	—	—
Shri P. S. Sharma (Appointed w.e.f. 28-05-2003)	Independent, Non-Executive	4	2	—
Shri G. G. Gogate Managing Director	Non-Promoter, Executive	1	1	—

(*) - excludes Directorships in Indian Private Limited Companies, membership of Managing Committees of various Chambers/bodies.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING

During the financial year ended March 31, 2003, four Board Meetings were held on May 28, 2002, July 25, 2002, October 25, 2002 and January 30, 2003. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is as under :

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on 17-09-2001
Shri N. S. Parulekar	4	Present
Shri A. K. Goenka	3	Absent
Shri J. S. Neerav	2	Absent
Shri G. G. Gogate	4	Present
Shri V. B. Dalal	4	Absent
Shri P. S. Sharma (appointed w.e.f. 28-05-03)	N. A.	N. A.

All significant information had been placed before the Board.

3. AUDIT COMMITTEE :**BROAD TERMS OF REFERENCE**

The terms of reference of the Audit Committee include :

- To review the Company's financial reporting process and its financial statements.
- To review the accounting and financial policies and practices.
- To review the efficacy of the internal control mechanism and monitor risk management policies adopted by the Company and ensure compliance with regulatory guidelines.
- To review reports furnished by the internal and statutory auditors, and ensure that suitable follow-up action is taken.
- To examine accountancy, taxation and disclosure aspects of all significant transactions.

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Agreement.

COMPOSITION

The Audit Committee of the Company comprises three Directors, of which all are Independent, Non-Executive Directors. All these Directors possess knowledge of corporate finance, accounts and company law. The Chairman of the Committee is an Independent,