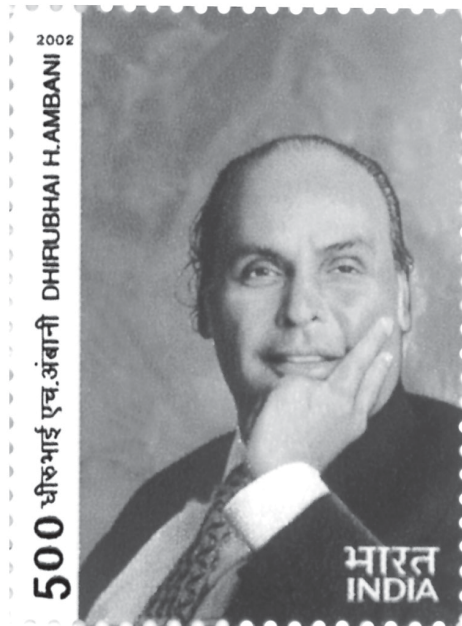


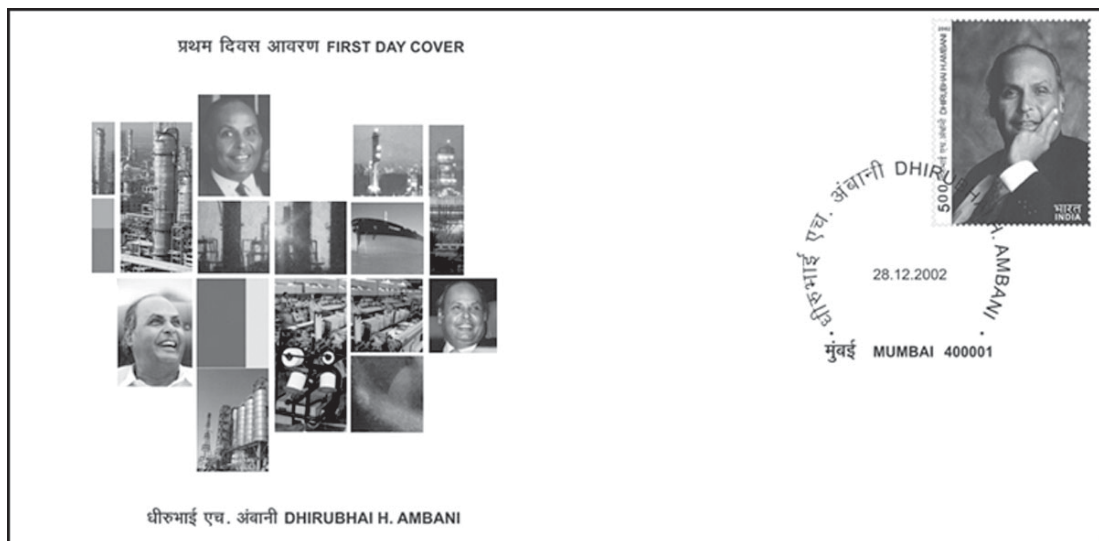


Reliance
Industries Limited

Annual Report 2002 - 2003



Postal Stamp issued on 28th December, 2002



Commemorative First Day Cover issued by Philately Division, Department of Posts, Government of India on 28th December, 2002, the 70th Birth Anniversary of Shri Dhirubhai H. Ambani

Reliance's Achievements

There is truth in the idea of an eternal guiding light. There is an idea in the truth of purpose. Dhirubhai H. Ambani embodies the first, and his vision empowers the second.

Last year we mourned the tragic and untimely passage of Reliance's founder-chairman, and the world mourned with us.

We at Reliance vowed to continue on the path that Dhirubhai's unparalleled vision had charted for us.

The path is one of self-belief and destiny. It is a path of constant challenge. It is a path where change brings with it a thirst for knowledge, the fulfillment of achievement and a sense of history.

Many years ago, Dhirubhai had looked into the future and seen a time when natural treasures from beneath the land and the oceans would enrich India, and give his beloved nation a greater sense of pride and security.

He looked ahead, and he saw a time when every Indian would be adequately clothed, fed, and learned, and communicate with the world at will, at virtually the speed of light.

He saw an Indian century.

We at Reliance had in this past year the rare honour to fulfill the wishes of our founder. As a company, we had the great privilege of the care of our well-wishers, and success in grand endeavours that Dhirubhai envisioned.

It was a year when Reliance redefined business.

The Year 2002-03

- The merger of Reliance Petroleum with Reliance Industries was the largest merger in India's corporate history.
- Reliance acquired management control of IPCL, marking India's largest disinvestment transaction.
- The discovery of gas by Reliance in the Krishna-Godavari basin was the world's largest gas find in 2002.
- Reliance Infocomm launched the largest infocomm infrastructure and services initiative by a new entrant anywhere in the world.
- Reliance acquired management control of BSES in the largest acquisition in the Indian power sector.

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Highlights – 2002-2003

*Gross Turnover - Rs 65,061 crore
(US \$ 13,701 million)*

*Gross Profit - Rs 9,366 crore
(US \$ 1,973 million)*

*Cash Profit - Rs 7,565 crore
(US \$ 1,593 million)*

*Net Profit - Rs 4,104 crore
(US \$ 864 million)*

*Compounded Annual Net Profit
growth over 5 years - 19%*

*Total Assets - Rs 63,737 crore
(US \$ 13,422 million)*

India's World Class Corporation

Board of Directors**Mukesh D. Ambani**

Chairman & Managing Director

Anil D. Ambani

Vice-Chairman & Managing Director

Nikhil R. Meswani

Executive Director

Hital R. Meswani

Executive Director

H.S. Kohli

Executive Director

U. Mahesh Rao

Nominee Director - GIC

Ramniklal H. Ambani**Mansingh L. Bhakta****T. Ramesh U. Pai****Yogendra P. Trivedi****Dr. D.V. Kapur****M.P. Modi****S. Venkitaramanan****Secretaries**

Vinod M. Ambani

Rohit C. Shah

Surendra Pipara

Solicitors & Advocates

Kanga & Co.

Auditors

Chaturvedi & Shah

Rajendra & Co.

International Accountants

Deloitte Haskins & Sells

Member - Deloitte, Touche and

Tohmatsu International (DTTI)

Registered Office

3rd Floor, Maker Chambers IV,

222, Nariman Point,

Mumbai 400 021, India.

Tel. Nos. + 91-22-22847000

Fax: + 91-22-22042268

E-Mail: investor_relations@ril.com

Internet: <http://www.ril.com>**Bankers**

ABN AMRO Bank

Allahabad Bank

Andhra Bank

Bank of America

Bank of Baroda

Bank of India

Canara Bank

Central Bank of India

Citibank N.A.

Corporation Bank

Deutsche Bank

Dena Bank

HDFC Bank

Hongkong Bank

ICICI Bank

IDBI Bank

Indian Bank

Indian Overseas Bank

Oriental Bank of Commerce

Punjab National Bank

State Bank of India

State Bank of Saurashtra

Standard Chartered Grindlays Bank

Syndicate Bank

Union Bank of India

Vijaya Bank

Manufacturing facilities**Hazira Complex**

Village Mora, Bhatha P.O.

Surat-Hazira Road

Surat 394 510, Gujarat State, India.

Jamnagar Complex

Village Meghpar/Padana, Taluka Lalpur

Dist. Jamnagar 361 280

Gujarat State, India.

Naroda Complex

103/106, Naroda Industrial Estate

Naroda, Ahmedabad 382 320

Gujarat State, India.

Patalganga Complex

B-4, Industrial Area, Patalganga

Off Bombay-Pune Road

Near Panvel, Dist. Raigad 410 207

Maharashtra State, India.

Registrar & Transfer Agents

Karvy Consultants Limited

46, Avenue 4, Street No.1, Banjara Hills

Hyderabad - 500 034, India.

Tel. Nos. + 91-40-23320666, 23320711,

23323031, 23323037

Fax No. + 91-40-23323058

E-Mail: rilinvestor@karvy.comInternet: <http://www.karvy.com>

Tulsiani Chambers

10th Floor, Nariman Point

Mumbai 400 021, India.

Tel. Nos. + 91-22-22847624/22847600/22847645

Fax No. + 91-22-22847603

Notice

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of RELIANCE INDUSTRIES LIMITED will be held on Monday, the 16th day of June, 2003, at 11.00 a.m., at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020, to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2003, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri Nikhil R. Meswani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri H.S. Kohli, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Y.P. Trivedi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Messrs. Chaturvedi & Shah, Chartered Accountants and Messrs. Rajendra & Co., Chartered Accountants, the retiring Auditors of the Company, as Joint Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business:

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Shri Mukesh D. Ambani, as Chairman and Managing Director of the Company, for a period of 5 (five) years with effect from 19th April, 2004, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Mukesh D. Ambani, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Mukesh D. Ambani.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Shri Anil D. Ambani, as Vice Chairman and Managing Director of the Company, for a period of 5 (five) years with effect from 1st May, 2004, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Anil D. Ambani, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Anil D. Ambani.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Shri Nikhil R. Meswani, as a Whole time Director designated as Executive Director of the Company, for a period of 5 (five) years with effect from 1st July, 2003, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Nikhil R. Meswani, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Nikhil R. Meswani.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

Surendra Pipara
Joint Company Secretary

Place: Mumbai,
Dated: 23rd April, 2003.

NOTES:

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Shareholders are requested to bring their copy of Annual Report to the Meeting.
4. Members/Proxies should fill the Attendance Slip for attending the meeting.
5. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
8. (a) The Company has already notified closure of Register of Members and Transfer Books thereof from Tuesday, the 27th May, 2003 to Saturday, the 31st May, 2003 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares. In respect of shares held in Electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.
- (b) The dividend on Equity Shares, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after 16th June, 2003.
- (c) Members may please note that the Dividend Warrants are payable at par at the designated branches of the Bank printed on reverse of the Dividend Warrant for an initial period of 3 months only. Thereafter, the Dividend Warrant on revalidation is payable only at limited centres/branches. The members are, therefore, advised to encash Dividend Warrants within the initial validity period.
9. (a) In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole/First joint holder, the following information to be incorporated on the Dividend Warrants:
 - (i) Name of the Sole/First joint holder and the Folio Number.
 - (ii) Particulars of Bank Account, viz.:

- (a) Name of the Bank
- (b) Name of Branch
- (c) Complete address of the Bank with Pin Code Number
- (d) Account type, whether Savings (SB) or Current Account (CA)
- (e) Bank Account number allotted by the Bank

- (b) Shareholders holding shares in electronic form may kindly note that their Bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of/change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. **Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.**

10. Electronic Clearing Service (ECS) Facility

With respect to payment of dividend, the Company provides the facility of ECS to all shareholders, holding shares in electronic and physical forms, residing in the following cities:

Agra, Ahmedabad, Amritsar, Bangalore, Bhopal, Bhubaneshwar, Chandigarh, Chennai, Coimbatore, Cochin, Delhi, Guwahati, Indore, Hyderabad, Jaipur, Kanpur, Kolhapur, Kolkata, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Nagpur, Panaji, Patna, Rajkot, Surat, Vadodara and Thiruvananthapuram.

Shareholders holding shares in the physical form who wish to avail ECS facility, may authorise the Company with their ECS mandate in the prescribed form, which can be downloaded from the Company's website (www.ril.com) under the section 'Investor Relations' or can be obtained from the Registrar and Transfer Agents, M/s. Karvy Consultants Limited. Requests for payment of dividend through ECS for the year 2002-2003 should be lodged with M/s. Karvy Consultants Limited on or before 5th June, 2003.

11. The Company has already transferred all unclaimed dividends declared upto the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Shareholders who have so far not claimed or collected their dividends up to the aforesaid financial year are requested to claim their dividend from the Registrar of Companies, Maharashtra, CGO Complex, 2nd Floor, "A" Wing, CBD-Belapur, Navi Mumbai - 400 614, Telephone (091) (022) 2757 6802, in the prescribed form which will be furnished on receipt of request by the Registrar and Transfer Agents, M/s. Karvy Consultants Limited.

12. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1996 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:-

| Financial year ended | Date of declaration of Dividend | Last date for claiming unpaid Dividend | Due date for transfer to IEP Fund |
|----------------------|---------------------------------|--|-----------------------------------|
| 31.03.1996 | 18.07.1996 | 17.07.2003 | 14.08.2003 |
| 31.03.1997 | 26.06.1997 | 25.06.2004 | 23.07.2004 |
| 31.03.1998 | 26.06.1998 | 25.06.2005 | 25.07.2005 |
| 31.03.1999 | 24.06.1999 | 23.06.2006 | 21.07.2006 |
| 31.03.2000 | 30.03.2000 | 29.03.2007 | 27.04.2007 |
| 31.03.2001 | 15.06.2001 | 14.06.2008 | 14.07.2008 |
| 31.03.2002 | 31.10.2002 | 30.10.2009 | 27.11.2009 |

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. Karvy Consultants Limited immediately. **Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

13. Non-Resident Indian Shareholders are requested to inform M/s. Karvy Consultants Limited immediately:
- The change in the Residential status on return to India for permanent settlement.
 - The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
14. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
15. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s. Karvy Consultants Limited. The said Form 2B can also be down-loaded from the Company's web site www.ril.com.
16. **Re-appointment of Directors:**
- At the ensuing Annual General Meeting, Shri Nikhil R. Meswani, Shri H.S. Kohli and Shri Y.P. Trivedi, retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement on Corporate Governance published in this Annual Report.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

The Explanatory Statement for Item Nos. 7 to 9 of the accompanying Notice set out hereinabove is as under:

Item Nos.7, 8 and 9

The present terms of office of Shri Mukesh D. Ambani as Chairman and Managing Director, Shri Anil D. Ambani as Vice Chairman and Managing Director and Shri Nikhil R. Meswani as Wholetime Director designated as Executive Director will be expiring on 18th April, 2004, 30th April, 2004 and 30th June, 2003, respectively. Subject to shareholders' approval, the Board of Directors, at their meeting held on 23rd April, 2003, have re-appointed the aforesaid Directors for a further period of 5 years from the expiry date of their respective term, on the remuneration determined by the Remuneration Committee of the Board of Directors.

The Remuneration Committee of the Board of Directors has recommended the same remuneration as was previously approved by the shareholders in respect of each of the above Directors.

The broad particulars of remuneration payable to and the terms of the respective appointments of Shri Mukesh D. Ambani, Shri Anil D. Ambani and Shri Nikhil R. Meswani during the tenure of their respective re-appointments are as under:

| Name and designation | Salary (Rs per month) | Perquisites and allowances (Rs per month) |
|---|-----------------------|---|
| Shri Mukesh D. Ambani Chairman & Managing Director | 5,00,000 | 4,00,000 |
| Shri Anil D. Ambani Vice Chairman & Managing Director | 5,00,000 | 4,00,000 |
| Shri Nikhil R. Meswani Executive Director | 1,25,000 | 2,00,000 |

The perquisites and allowances payable to the aforesaid Directors shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; club fees, medical insurance and such other perquisites and/or allowances, upto the amounts specified above, subject to an overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration which includes salary, perquisites and commission.

In addition to the salary, perquisites and allowances as above, Shri Mukesh D. Ambani, Chairman & Managing

Director, Shri Anil D. Ambani, Vice-Chairman & Managing Director and Shri Nikhil R. Meswani, Executive Director of the Company, shall also be entitled to receive commission. Commission shall be payable to the two Managing Directors (Shri Mukesh D. Ambani and Shri Anil D. Ambani) and the two Wholetime Directors (Shri Nikhil R. Meswani and Shri Hital R. Meswani) in proportion to their salaries (excluding perquisites and allowances) subject to the condition that at any time the overall yearly remuneration payable collectively to the said two Managing Directors and two Wholetime Directors shall not exceed 0.67% of the net profits of the Company as computed under Section 349 of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) or any amendment made thereto.

The terms and conditions set out for re-appointment and payment of remuneration herein and/or in the respective Agreements may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit. The Board is also entitled to revise the salary, perquisites and allowances and commission payable to the said Managing Directors and Wholetime Directors of the Company or any of them at any time, such that the overall yearly remuneration payable to the said Managing Directors and Wholetime Directors shall not exceed 0.67% of the net profits of the Company as computed under Section 349 of the Companies Act, 1956. (including any statutory modification(s) or re-enactment thereof for the time being in force) or any amendment made thereto.

The respective Agreements may be terminated by either party (the Company or the concerned Managing Director or Wholetime Director) by giving three months' prior notice in writing.

The draft Agreements to be entered into between the Company and each of Shri Mukesh D. Ambani, Shri Anil D. Ambani, and Shri Nikhil R. Meswani respectively incorporating the above particulars of remuneration, are available for inspection at the Registered Office of the Company on all working days excluding Saturdays, upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

The above may also be treated as an abstract of the terms of the contract/agreement between the Company and Shri Mukesh D. Ambani, Shri Anil D. Ambani, and Shri Nikhil R. Meswani respectively pursuant to Section 302 of the Companies Act, 1956.

Shri Mukesh D. Ambani, Shri Anil D. Ambani, and Shri Nikhil R. Meswani are interested in the resolutions which pertain to their respective re-appointments and/or remuneration payable to each of them. Further Shri Mukesh D. Ambani and Shri Anil D. Ambani may also be deemed to be interested in the resolution pertaining to the re-appointment of and/or remuneration payable to the other, as they are related to each other. Further, Shri Hital R. Meswani may also be deemed to be interested in the resolution pertaining to the re-appointment of and/or remuneration payable to Shri Nikhil R. Meswani, as they are related to each other. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the resolutions.

Your Directors commend the resolutions set out at Item Nos.7 to 9 of the Notice for your approval.

By Order of the Board of Directors

Surendra Pipara
Joint Company Secretary

Place: Mumbai,
Dated: 23rd April, 2003.