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R e p o r t  
2001 - 2002**

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**Saurashtra Cement  
Limited**

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## Annual Report

### BOARD OF DIRECTORS

(As on 7-11-2002)

Mr. M. N. Mehta	<i>Chairman</i>
Mr. D. N. Mehta	<i>Deputy Chairman</i>
Mr. Jay Mehta	<i>Executive Vice Chairman</i>
Mr. H. D. Mehta	
Mr. M. N. Rao	<i>Directors</i>
Mr. S. V. S. Raghavan	
Mrs. Savita V. Pittie	
Mr. Stephen Potter	<i>Industrialization Fund for Developing Countries, Denmark, Nominee</i>
Mr. M. K. Chanduka	<i>IFCI, Nominee</i>
Mr. S. Ramjee	<i>UTI, Nominee</i>
Mr. M. S. Gilotra	<i>Managing Director</i>
Mr. R. K. Poddar	<i>Dy. Managing Director</i>

### Bankers

Central Bank of India  
Dena Bank  
Vijaya Bank  
The Saraswat Co-operative Bank Ltd.  
IndusInd Bank Ltd.  
Rajkot Nagarik Sahakari Bank Ltd.

### Auditors

Messrs Bansi S. Mehta & Company  
Chartered Accountants

**Mr. A. M. Fadia**  
*Director (Legal & Secretarial)*

### Registered Office

Near Railway Station,  
Ranavav-360 560  
(Gujarat)

### Corporate Office

Agrima Business Centre  
3rd Floor, N. K. Mehta International House  
178 Backbay Reclamation  
Mumbai-400 020.

### Share Department

5th Floor, N. K. Mehta International House  
178 Backbay Reclamation  
Mumbai-400 020.

## NOTICE

Notice is hereby given that the 45th ANNUAL GENERAL MEETING of the Members of the Company will be held at 10.30 a.m. on Tuesday the 24th December 2002, at the Registered Office of the Company, near Railway Station, RANAVAV 360 560 (Gujarat), to transact the following business:

1. To consider & adopt the Directors' Report and Audited Profit & Loss Account for the year ended 30th June 2002, and the Balance Sheet as on that date.
2. To appoint a Director in place of Mr. D. N. Mehta who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in place of Mr. M. N. Rao, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Mr. H. D. Mehta, who retires by rotation and being eligible offers himself for re-election.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

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

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment or re-enactment thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, Guidelines issued by the Securities and Exchange Board of India (SEBI), Listing agreement entered into with the Stock Exchanges and their regulations, and subject to such consents, approvals, permissions or sanctions as may be required under any legislation or rules and regulations or agreements for the time being in force and subject to the necessary approval of the Government of India, Reserve Bank of India and all other appropriate authorities and subject further to such other terms, conditions, stipulations, alterations, amendments or modifications as may be specified or suggested by any of the concerned authorities or bodies, which stipulations, alterations, amendments or modifications, Board of Directors (hereinafter referred to as "the Board") and/or a duly authorised committee thereof for the time being exercising the powers conferred by the Board/to be conferred by the Board (hereinafter referred to as "the Committee"), is authorised to accept as it deem fit, and the approval/consent of the members be and is hereby accorded to issue and allot in one or more tranches not exceeding 30,074 — 13% loan instruments of Rs. 100/- each at par aggregating to Rs. 30,07,400/- to be issued and allotted to the 18% Non Convertible Debenture holders of the Company, in consideration of the 75% of the outstanding unpaid interest as on date of maturity of the said debentures i.e. 27/11/2000 and 11/11/2000 respectively. Repayment of the said Loan instruments alongwith interest due thereon will be made on 31.3.2003."

"RESOLVED FURTHER THAT if the Company fails to repay the said loan instruments and interest thereon, the registered holders thereof shall have an option to convert the unpaid amount into equity shares of the Company at a price to be determined as per the SEBI formula/ guidelines for preferential allotments, subject to requisite approvals. The relevant date for the purpose will be 1st March, 2003."

"RESOLVED FURTHER THAT the Board and/or Committee be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary and settle any or all matters arising with respect to the issue of securities, execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to the aforesaid resolution, take such further steps as required for the allotment and listing of the securities to be thus issued and to make such modifications in the foregoing as may be considered desirable by the Board and/or the Committee in the best interest of the company and its shareholders."

By Order of the Board of Directors

**A.M. FADIA**

*Director (Legal & Secretarial)*

Mumbai, dated 7.11.2002

*Registered Office:*  
Near Railway Station,  
Ranavav-360 360.

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## 45th Annual Report

### NOTES:

1. The information required to be provided under the Listing Agreement entered into with various Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Explanatory Statement as required under Section 173 of the Companies Act, 1956 setting out material facts in respect of the business under item No. 6 is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 13th December 2002 to Tuesday the 24th December 2002 (both days inclusive) and will reopen on 25th December, 2002.
5. Members who have multiple account in identical names or joint accounts in same order are requested to send all the share certificates to the Company for consolidation of all such shareholdings into one account to facilitate better service.
6. (a) Members are requested to notify immediately any change of address:
  - (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
  - (ii) to the Company at its Share Department at the Corporate Office at Mumbai in respect of their physical share folios, if any.(b) In case the mailing address mentioned on this Annual Report is without the Pincode, members are requested to kindly inform their PINCODE immediately.
7. Non-resident Indian Shareholders are requested to inform us immediately the change in the residential status on return to India for permanent settlement.
8. Members desiring any information on the Accounts are requested to write to the Company at least one week before the meeting so as to enable the Management to keep the information ready and replies will be provided only at the meeting.

Share Department  
Saurashtra Cement Limited  
Agrima Business Centre  
N.K. Mehta International House, 5th floor  
178, Backbay Reclamation  
Mumbai-400 020

### EXPLANATORY STATEMENT:

#### Item No. 6

The Company had issued and allotted 42,00,000 Partly Convertible Debentures (PCDs) of Rs. 150/- each on Rights basis and 8,07,500 PCDs of Rs. 250/- each to Public through prospectus in November, 1993. Out of Rs. 150/- and Rs. 250/-, Rs. 50/- was converted into one equity share of Rs. 10/- each of the company at a premium of Rs. 40/- per share and the balance amount of Rs. 100/- and Rs. 200/- remained as one Non Convertible Debentures (NCD) portion 'B' thereof respectively aggregating to Rs. 58.15 crores. Some debentures were forfeited for non payment of allotment money and the outstanding amount remained at Rs. 57.97 crores.

As per the terms of issue, the debentures were to be redeemed by November 27, 2000 and November 11, 2000 respectively. However, due to severe drought in the State of Gujarat where main market of the company is located, the company incurred heavy cash losses and therefore could not repay the debentures and could not pay part of the interest on debentures on due dates. Therefore, a meeting of the debentureholders was convened on 12th April, 2001 where it was unanimously resolved that the debentureholders shall have an option either to extend the repayment of Debentures or ask for repayment thereof with interest due thereon. The debentureholders agreeing for roll over shall be repaid in three

equal installments on September 30, 2003/4/5 and the debenture shall carry interest @ 14.5% p.a. (subject to deduction of tax at source as may be applicable). Interest for the period November 27, 2000/November 11, 2000 to September 30, 2002 to be paid on September 30, 2002, thereafter each installment together with simple interest will be paid annually on September 30, 2003/4/5. The debentureholders were further given an option to convert their overdue interest as on maturity date into either Optionally Convertible Cumulative Preference Shares (OCCPS) carrying dividend @ 13% p.a. or to convert the same into loan instrument carrying interest @ 13% p.a. as per the scheme A or B detailed hereunder:

## **Scheme 'A'**

18% Secured Redeemable Non Convertible Debentures (Part B) of Rs. 200 and Rs. 100 each allotted by the Company on 27.11.1993 and 11.11.1993 respectively (hereinafter referred to as "18% NCDs") will be payable in three equal installments on September 30, 2003/4/5 from the existing repayment date in November, 2000 and rate of simple interest on the said 18% NCDs when opted for reschedulement by the debenture holder shall be 14.5% p.a. (subject to deduction of tax at source as may be applicable). Interest for the period November 27, 2000/November 11, 2000 to September 30, 2002 to be paid on September 30, 2002, thereafter each installment will be paid annually on September 30, 2003/4/5.

25% of the unpaid simple interest upto the date of maturity to be paid on or before June 15, 2001 or such other date as may be mutually agreed. The balance 75% of the unpaid simple interest amount as on 27/11/2000 or 11/11/2000 will be converted into OCCPS carrying dividend @ 13% p.a., subject to necessary approvals. The OCCPS will be redeemed on 31st March, 2003. In case the company is unable to redeem the OCCPS on March 31, 2003, the holders will have an option of converting unpaid amount of OCCPS alongwith unpaid accumulated dividend into Equity Shares of Saurashtra Cement Limited at minimum SEBI formula/guidelines price then prevailing, subject to necessary approvals.

## **Scheme 'B'**

18% Secured Redeemable Non Convertible Debentures (Part B) of Rs. 200 and Rs. 100 each allotted by the Company on 27.11.1993 and 11.11.1993 respectively (hereinafter referred to as "18% NCDs") will be payable in three equal installments on September 30, 2003/4/5 from the existing repayment date in November 2000 and rate of simple interest on the said 18% NCDs when opted for reschedulement by the debenture holder shall be 14.5% p.a. (subject to deduction of tax at source as may be applicable). Interest for the period November 27, 2000/November 11, 2000 to September 30, 2002 to be paid on September 30, 2002, thereafter each installment will be paid annually on September 30, 2003/4/5.

25% of the unpaid simple interest as on the date of maturity to be paid on or before June 15, 2001 or such other date as may be mutually agreed. The balance 75% of the unpaid simple interest as on 27/11/2000 or 11/11/2000 will be converted into 13% funded interest term loan, repayable on 31.3.2003, together with interest due thereon, subject to necessary approvals. In case the company is unable to repay the funded interest term loan on 31.3.2003, the lenders shall have an option of converting the unpaid amount alongwith interest due thereon into equity shares of Saurashtra Cement Limited at minimum SEBI formula/guidelines price then prevailing, subject to necessary approvals.

It is now proposed to issue and allot upto 30,074 Funded interest Loan Instruments of Rs. 100/- each aggregating Rs. 30,07,400 carrying interest @ 13% p.a. repayable on 31.3.2003 together with interest. The funded interest term loan together with interest due thereon shall be paid on 31.3.2003. The proposal to issue OCCPS/Loan Instruments was approved at the last AGM of shareholders held on 26th February 2002 including the above loan instruments. The same could not be completed within 90 days as required under SEBI guidelines for issue of Preference Shares and hence placed again for member's consideration.

As required under Guidelines for Preferential Issue of Securities Exchange Board of India (SEBI);

1. Identities of the proposed allottees are New India Assurance Co. Ltd --- 20,942 and United India Insurance Co. Ltd --- 9,132 Loan Instruments.

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2. Following is the existing shareholding pattern as on 25.10.2002

	<i>No. of Equity shares.</i>	<i>%</i>
Promoters & Associates	1,77,20,355	45.14
Financial Institutions	16,49,982	4.21
Mutual Funds	100	0.00
Foreign Institutional Investors	1,910	0.01
Foreign Companies	19,05,300	4.85
Foreign Development Institution	1,11,60,216	28.43
Non Resident Shareholders	3,64,230	0.93
Banks	2,900	0.01
Others Bodies Corporate	29,67,475	7.56
Public	34,81,079	8.86
Total	3,92,53,547	100.00

3. PRE AND POST ISSUE SHAREHOLDING PATTERN (ASSUMING FULL CONVERSION OF ALL SECURITIES AT PAR), OF THE COMPANY (AS ON 25.10.2002)

<i>Category</i>	<i>Pre issue Holding (No. of shares)</i>	<i>% to the existing Subscribed Capital</i>	<i>Post-issue Holding (No. of Shares)</i>	<i>% to the Total Capital Post issue</i>
Promoters & Associates	17720355	45.14	17720355	36.29
Financial Institutions	1649982	4.21	9021002	18.47
Foreign Dev. Institutions	11160216	28.43	11160216	22.85
Foreign Company and its Subsidiary company	4101200	10.45	4101200	8.40
Other (existing holding Less than 5% each)	4621794	11.77	6830104	13.99
TOTAL	39253547	100.00	48832877	100.00

4. CONSEQUENTIAL CHANGES IN THE BOARD OF DIRECTORS AND VOTING RIGHTS.

There shall not be any change in the Constitution of Board of Directors of the Company or in the control of the company due to this preferential issue.

5. Since this is as per the scheme approved by the debentureholders, the Promoters/Directors/key management personnel are not entitled to participate, except to the extent of unpaid interest on debentures held by them.
6. The allotment shall be completed within 3 months of passing of resolution u/s 81(1A) of the Companies Act, 1956 by the shareholders at this General Meeting.

None of the directors of the company is interested in the proposed resolution, except to the extent of debentures held by them or by companies in which they are directors or by trusts in which they are trustees.

The Board commends the resolution for your approval.

A copy of the Memorandum and Articles of Association is available for inspection between 10.00 AM to 12.00 noon on any working day, at the Registered Office of the Company upto the date of the Annual General Meeting.

By Order of the Board of Directors

**A.M. FADIA**

*Director (Legal & Secretarial)*

Mumbai, dated 7.11.2002

*Registered Office:*

Near Railway Station,  
Ranavav-360 360.

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below.

- |    |                     |  |                  |               |
|----|---------------------|--|------------------|---------------|
| 3. | Name                | : MR. H. D. MEHTA                        |                  |               |
|    | Age                 | : 47 years                               |                  |               |
|    | Qualifications      | : B.Sc. In Management                    |                  |               |
|    | Expertise           | : General Management                     |                  |               |
|    | Other Directorships | : <i>Name of the Company</i>             | <i>Committee</i> | <i>Status</i> |
|    |                     | Mehta Pvt. Ltd.                          |                  |               |
|    |                     | Sonoco Investment & Trading Co. Pvt. Ltd |                  |               |
|    |                     | Foliage Trading Co. Pvt. Ltd             |                  |               |
|    |                     | Villa Trading Co. Pvt. Ltd.              |                  |               |

**A.M. FADIA**  
*Director (Legal & Secretarial)*

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## DIRECTORS' REPORT

Dear Members,

The Directors present the 45th Annual Report along with the audited accounts for the year ended 30th June, 2002.

The year 2001-02 was a year of mixed fortunes. During the year under review, the domestic cement consumption increased by 10.89 percent (as against a decrease of 2.18 percent in the previous year). The Gujarat cement market, which had suffered major setbacks in the previous 3 years on account of two successive years of drought followed by the devastating earthquake, saw a resurgence and consumption increased by 12 percent (as against reduction in demand by about 25 percent in the previous two years). Demand picked up post Diwali and consumption registered healthy growth upto February 2002. The construction codes for earthquake-affected areas were finalized around November 2001 and consumption increased by over 50 percent during the period December 2001-February 2002. Cement prices continued to be depressed as capacity continued to remain far in excess of the demand.

Demand and consequently price realizations declined after the tragic riots and deterioration in the law and order situation in the state of Gujarat from March 2002. As a result, the consumption for the period March – June 2002 remained subdued in major urban centres.

## FINANCIAL RESULTS

The highlights of the financial results of the corporate Financial Year ended 30th June, 2002 are:

	<b>2001-2002</b> <b>Current Year</b> <b>(Rs. millions)</b>	<b>2000-2001</b> <b>Previous Year</b> <b>(Rs. millions)</b>
Sales	<b>2184.56</b>	1851.69
Other Income	<b>122.64</b>	108.96
Gross Profit	<b>153.22</b>	101.63
Net Interest	<b>279.64</b>	288.02
(Loss) before Depreciation	<b>(126.42)</b>	(186.39)
Depreciation Miscellaneous Expenses Written Off and Losses of Subsidiaries	<b>214.83</b>	173.45
Net (Loss) before tax & prior year adjustments	<b>(341.25)</b>	(359.84)
Deferred Tax credit & prior year adjustments	<b>61.77</b>	(18.74)
Net (Loss) after tax (after adjustments for earlier years)	<b>(279.48)</b>	(378.58)

## PERFORMANCE REVIEW

### Production and Despatches :

The volume of cement and clinker production during the year was 1.08 Million Tons and 0.84 Million Tons respectively (registering a growth of 48 percent and 18 percent respectively over the volumes in the Previous years). The total despatches of 1.13 Million Tons (0.84 Million Tons cement and 0.29 Million Tons clinker) were higher than those for the Previous year by about 35 percent. This was in spite of the fall in demand for the period March-June 2002. In April 2002, the company despatched 0.14 Million Tons of cement and clinker, which is the highest achieved since inception.

### Cost Reduction :

The company increased the use of Pet Coke (which is cost effective and available indigenously as against high cost imported coal) to over 50 percent thereby resulting in significant saving in the manufacturing cost. Tight controls coupled with productivity improvements and close monitoring saw decrease in power consumption to 96.97 kWh/Ton of cement (104.15 kWh/Ton in the Previous year) and fuel consumption to 784 kcal/kg of clinker (793 kcal/kg in Previous year).



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## **Marketing :**

The company's major thrust during the year was to revitalize its position in its primary market of Gujarat. During the year under review, the company's sales in Gujarat increased from 0.64 MnT to 0.74 MnT. Due to lack of mechanization facilities at Porbandar jetty and consequently high transportation costs, cement sales in other domestic markets were restricted to the bare minimum required to maintain a token presence in these markets. Export markets have shown signs of recovery and the company has exploited this opportunity and exported 0.11 MnT of clinker during the year. Clinker sales during the year (incl. Exports) increased by 156 percent from 0.11 MnT to 0.30 MnT.

## **Jetty operations :**

The company has made a significant headway in its jetty operations at Porbandar. Clinker loading rate of over 12000 Tons per day has been achieved in spite of the non-availability of mechanized loading arrangements. During the year 0.38 MnT of cargo was handled including 0.31 MnT of captive cargo.

## **PROJECTS**

The company had embarked on an expansion programme to increase the capacity of the plant from 1.3 MTPA to 2.4 MTPA. The company also proposes to set up sea transport infrastructure so as to gain competitive access to other coastal deficit markets which will help the company to reduce its dependence on single market. Towards this, the company has constructed a jetty at Porbandar and is in the process of mechanizing the same. The jetty and other infrastructure will be capable of handling bulk cement, clinker and coal. The company has also placed orders for 2 Captive power plants in

order to reduce the dependence on the high cost power from the State Electricity Grid.

Unfortunately, the cash disbursements from the lead institution, IFCL, were not forthcoming on account of the liquidity constraints faced by them and therefore significant headway could not be made on the project. However, the project is expected to be completed in 2003-04.

## **FUTURE OUTLOOK**

Considering the past consumption patterns and growth rates, a demand growth of 12 percent per annum is likely to continue. The massive reconstruction work taken up by the Government and Private Sector post earthquake and the restart of work on the Narmada Canal, should result in demand increasing substantially. Work is also progressing on the Golden Quadrilateral Highway project at a hectic pace and will give an impetus to the demand. Water of the Narmada canals have started reaching remote areas of Gujarat and will reduce the dependence on the monsoon thereby improving agricultural production. This in turn will help in sustaining demand growth.

It is estimated that the consumption in 2002-03 may be much higher than the normal growth rates of 12 percent as the projects, which were incomplete on account of water scarcity will be completed in addition to the new ones being undertaken. Moreover, the Sales Tax on cement in Gujarat has been reduced from 16.5 percent to 8.8 percent (including surcharge) and the cement to be used in reconstruction work will be exempt from Excise Duty and Sales Tax, which will provide the much necessary boost in the cement demand in Gujarat.

The scenario is already changing and the consumption in Gujarat in

the first Quarter (July-Sep 2002) increased by 15 percent over the consumption in the corresponding period of the Previous Year. It is expected that the cement demand will further pick up, post monsoon from November 2002 onwards.

## **DIVIDEND**

In view of the loss for the year under review, the Directors express their inability to recommend any dividend.

## **ENVIRONMENTAL PROTECTION**

The company has continued to maintain all facilities so as to comply with all statutory regulations as well as norms prevailing in most modernised cement plants.

## **FIXED DEPOSITS**

As on 30th June 2002 deposits of Rs. 1,15,000 from 14 depositors have remained unclaimed. Subsequently Rs. 45,000 of deposits have been repaid to 5 depositors, leaving an unclaimed balance of Rs. 70,000 by 9 depositors.

## **AUDITORS' OBSERVATIONS**

In respect of remarks of Auditors, attention of members is invited to Notes No. 5 & 7 in Schedule 'L' of Notes on Accounts, which are self-explanatory and do not require elucidation.

## **SUBSIDIARY COMPANIES**

As required u/s. 212 of the Companies Act, 1956, copies of Balance Sheet and Profit & Loss Account and the report of Board of Directors and Auditors in respect of subsidiary companies are attached for members' perusal.

As per the Accounting Standard No. 22, the company is required to compulsorily consolidate and publish consolidated account of the holding company and its subsidiary companies and the

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same is required to be audited by Statutory Auditors. As required, the consolidation accounts are also enclosed.

## PARTICULARS OF EMPLOYEES

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with (Particulars of Employees) Rules, 1975 as amended, there are no employees drawing remuneration exceeding Rs. 24 lakhs per annum or Rs. 2 lakhs per month.

## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set in the Annexure forming part of this report.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. D. N. Mehta, Mr. M. N. Rao and Mr. H. D. Mehta retire by rotation and being eligible offer themselves for re-appointment.

Mr. Jesper Horsholt nominee of F.L. Smidth & Co., resigned during the year. The Board places on record its deep appreciation of the services rendered by Mr. Horsholt, during his tenure as a director.

## CORPORATE GOVERNANCE

The Company has complied with the mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchanges on which the company's securities are listed. A separate report on Corporate

Governance is given as part of this Annual Report along with the Auditors' Certificate on its compliance.

The Management Discussion and Analysis Report on the operations of the company is provided in a separate section and forms part of this Report.

## DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies Act, as amended by the Companies (Amendment) Act, 2000, the Directors confirm that:

- (i) In the preparation of the annual account, the applicable accounting standards have been followed alongwith proper explanations relating to material departures.
- (ii) Appropriate accounting policies have been selected and applied consistently and have 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 as on 30th June 2002 and of the Loss of the Company for the year ended 30th June 2002.
- (iii) Proper and sufficient care has been taken 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.
- (iv) The annual accounts have been prepared on a going concern basis.

## AUDITORS

M/s. Bansi S. Mehta & Co., Chartered Accountants, the Auditors of the Company, are due to retire and being

eligible, offer themselves for re-appointment.

## TAX AUDIT

M/s. Bansi S. Mehta & Co., Chartered Accountants, have been appointed to carry out the Tax Audit for the assessment year 2002-2003.

## INTERNAL AUDIT

M/s. Haribhakti & Company, Chartered Accountants, have been appointed to carry out the Internal Audit for the Financial Year 2002-2003.

## COST AUDIT

M/s. V. J. Talati & Co., Cost Accountants, have been appointed as Cost Auditor to carry out the cost audit for the Financial Year 2002-2003.

## EMPLOYEE RELATIONS

The Company places on record its deep appreciation of the devoted services of its workers, staff and executives.

## ACKNOWLEDGEMENTS TO BANKERS, FINANCIAL INSTITUTIONS AND GOVERNMENT AGENCIES

The Board of Directors of the Company would like to place on record its appreciation of the assistance and co-operation given by the bankers, financial institutions, suppliers, shareholders, Gujarat Electricity Board, the Government of Gujarat and the Central Government agencies whose continued support have been a source of considerable strength.

On behalf of the Board of  
Directors

**JAY MEHTA**

Executive Vice Chairman

**M. S. GILOTRA**

Managing Director

Place : Mumbai

Date : 7th November, 2002