



# STEELCAST LIMITED

33RD ANNUAL REPORT  
2003-04

## STEELCAST LIMITED

### BOARD OF DIRECTORS

Shri V. B. Buch  
 Shri R. V. Gandhi  
 Shri R. V. Shah  
 Shri A. R. Shah  
 Shri M. F. Tamboli (Chairman)  
 Shri T. Kumar (Executive Director)  
 Shri Chetan M. Tamboli (Managing Director)

### BANKERS

Bank of India

### AUDITORS

Sanghavi & Company  
 Chartered Accountants

### REGISTERED OFFICE & WORKS

Ruvapari Road,  
 Bhavnagar, Gujarat, India-364 005.  
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 Fax : (91) (278) 242 0589 / 251 9830 / 831  
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 Website : [www.steelcastltd.com](http://www.steelcastltd.com)  
 ISIN : INE124E01012

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**STEELCAST LIMITED**  
**Ruvapari Road, Bhavnagar 364 005.**

Notice is hereby given that the thirtythird Annual General Meeting of the Company will be held on July 31, 2004, at Hotel Nilambaug Palace, Bhavnagar, at 1600 Hrs, to transact the following business:

**Ordinary Business:**

1. To consider and adopt the Balance Sheet as at March 31, 2004 and Profit & Loss Account for the year ended on that date and the report of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri M F Tamboli, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R V Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Sanghavi & Co., Chartered Accountants, Bhavnagar as Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board 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 pursuant to section 198, 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, as amended, the Company hereby accords its approval to the reappointment of Shri M F Tamboli as a Whole Time Director with the existing designation of Chairman, for a further period of five years with effect from January 1, 2004, with the present terms of remuneration but with the salary scale extended for 5 more years and also with the existing other terms and conditions, more particularly described in the agreement to be entered into between the Company and Shri M F Tamboli, with liberty to the Board to alter the same, so long as the alterations are in conformity with the provisions of Schedule XIII to the Companies Act, 1956"

7. To consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Special Resolutions**:

"RESOLVED THAT subject to the provisions of SEBI (Delisting of Securities) Guidelines, 2003, the Listing Agreement and all other relevant laws, regulations and guidelines including any statutory modifications or re-enactment thereof for the time being in force and subject to such approvals, permissions and sanctions as may be prescribed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors to get the Equity Shares of the Company delisted from the Delhi Stock Exchange Association Ltd., Delhi, and Saurashtra Kutch Stock Exchange Ltd., Rajkot.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof exercising the powers conferred by the Board) be and is hereby authorised to agree to such terms and conditions which they may consider appropriate and to do all acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable to delist the Equity Shares of the Company from the Delhi Stock Exchange Association Ltd., Delhi and Saurashtra Kutch Stock Exchange Ltd., Rajkot and to execute all such deeds, document, writings as may be necessary or expedient and for this purpose to delegate the authority to the Managing Director or any person to whom the Managing Director may consider suitable to do various acts, things and deeds and things required to be done in this behalf."

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

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 and all other enabling provisions of the said Act, if any, the Article of Association of the Company be altered/amended as follows:

- A. After Article 5(a) the following clause be replaced as Article 5 (b) instead of existing clause 5(b), & the following clauses be added as Article 5(c), 5(d), 5(e), 5(f), 5(g) respectively:

**Variation of Rights**

- 5(b). If at any time the share capital is divided into different classes of shares, all or any of the rights and privileges attached to the shares of any class may subject to the provisions of Section 106 and 107 be varied, commuted, affected, dealt with or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution at a separate meeting of the holders of the issued shares of that class.

**Issue of further pari passu shares not to affect the right of shares already issued**

- 5(c). The rights conferred upon the holders of the shares of any class issued with preferred or any other rights shall not, unless, otherwise expressly provided by the terms of issue of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

**Redeemable Preference Shares**

- 5(d). Subject to the provisions of Section 80 & 81 of the Act, the Company shall have the power to issue Preference Shares which are or at the option of the Company are to be liable to be deemed and/or convertible into equity shares, the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption and/or conversion into equity shares.

**Differential Voting Rights**

- 5(e). Subject to provisions of Section 86 of the Companies Act, 1956, the new issue of share capital shall be of two kinds:
- a. Equity Share Capital
    - (i) with voting rights
    - (ii) with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed.
  - b. Preference Share Capital

**Employee Stock Option Plan**

- 5(f). The Directors are hereby authorised to issue Equity Shares or Debentures (whether or not convertible into equity shares) for offer and allotment to such of the officers, employees and workers of the Company as the Directors may select or the trustees of such trust as may be set up for the benefit of the officers, employees and workers in accordance with the terms and conditions of such scheme, plan or proposal as the Directors may formulate. Subject to the consent of the Stock Exchange and of the Securities Exchange Board of India, the securities allotted shall not be transferable for a specified period.

**Sweat Equity Shares.**

- 5(g). Subject to provisions of Section 79A of the Companies Act, 1956 and relevant procedure laid down therein and/or by SEBI or other relevant authorities and/or by the Companies Act, 1956, the Company may issue Sweat Equity Shares.
- B. After Article 8, the following Articles be added as Article 8A.

**Buy-back of Securities**

- 8A. The Company shall have power, subject to and in accordance with the provisions under Section 77A and all other applicable provisions and amendments thereof, if any, of the Companies Act, 1956 that empower the Company to buy-back any of its securities which are fully paid-up.
- C. The existing Article 11, be replaced by following clause as Article 11.

**Non voting rights**

11. Subject to the provisions of the Act and all other applicable provisions of law, the company may issue shares, either equity or any other kind with non-voting rights and the resolutions authorising such issue shall prescribe the terms and conditions of the issue.
- D. After clause (2) of Article 41, the following clause be added as clause (3):
- (3). Every holder of shares in, or holder of debentures of, the company may, at any time, nominate, pursuant to regulations made by the Government, a person to whom his shares in, or debentures of, the company shall vest in the event of his/her death.
- E. After Article 42, the following clauses be added as Article 42A, 42B, 42C, respectively;
- 42A. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.
- 42B. Notwithstanding anything, contained in Articles 33 to 42A, the Directors shall, comply with such requirements of the Stock Exchange where shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable.
- 42C. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificate and where such shares or securities are being held in an electronic and fungible form in a depository, the provisions of the Depositories Act, 1996 shall apply.
- F. After Article 77, the following clause be added as Article 77A;

**Postal Ballot**

The company shall abide by the rules for passing resolution by postal ballot. The company shall also comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government in this regard.

G. The existing Article 91, be replaced by following clause as Article 91

**New Directors.**

In Article 91 the names of present of the present Directors, at present are:

1. Mr. M. F. Tamboli
2. Mr. C. M. Tamboli
3. Mr. T. Kumar
4. Mr. V. B Buch
5. Mr. R. V. Gandhi
6. Mr. R. V. Shah
7. Mr. A. R. Shah

The above list shall be liable for updation(s)/modification(s), in event there are changes for not less than 3 persons, from the above list.

H. The existing Article 102 (a) & (b) be deleted and replaced by following clause 102;

**102.** The term of ex-officio directors wherever occurring in these presents shall mean and include Mr. M. F. Tamboli & Mr. C. M. Tamboli.

I. The existing Article 103 be deleted and replaced by following clause 103;

**103.** Except for the ex-officio directors, all other Directors shall be Directors whose period of office is liable to be determined by retirement by rotation and shall be appointed by the Company in general meeting. One third of such directors shall retire by rotation every year.

J. The following words be added after the words "every year." in clause (1) of Article 111 ;

The Board of Directors/Committee thereof shall transact/conduct the business through video conferencing, electronic media, or any other mode prescribed by the Government of India or other appropriate authority.

K. The Article 152, be replaced by the following clause as Article 152;

**Manner of payment dividend**

**152.** Unless otherwise directed, any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of warrant sent through the post or by electronic mode to the registered address of member or his banker or person entitled or in case of joint holder to that one of them first named in the Register in respect of the joint holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible for any cheque or warrant or pay slip or receipt lost in transmission or for any dividend lost to the member or person entitled thereto by the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means."

9. To consider & if thought fit, to pass, with or without modification(s), the following resolutions as **Special Resolutions:**

"RESOLVED THAT consent of the members be and is hereby accorded to the Board of Directors thereby vesting authority for transfer of Equity Shares/Preference Shares/Convertible Debentures/ Non-Convertible Debentures and/or other securities being purchased by Foreign Institutional Investors (FIIs) and/ or other persons/entities NRI/OCB, permitted by the Government of India/ Securities and Exchange Board of India/Reserve Bank of India/other competent authorities from time to time upto 49% (subject to individual limit per individual specified investor mentioned hereinabove) or such other higher percentage as may be stipulated for each series of securities issued and listed on any stock exchanges under Portfolio Investment Scheme and/or any other scheme.

RESOLVED FURTHER THAT should this limit be enhanced by the Central Government/ Reserve Bank of India/ other competent authority, the permission of the members is hereby granted to the Board of Directors to permit the said 49% or any such enhanced limit as may be permitted by the Government of India/ Reserve Bank of India/ other competent authority.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to do all such acts deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the transfer of Equity Shares/ Preference Shares/ Convertible Debentures/Non-Convertible Debentures/other securities."

Registered Office:  
Ruvapari Road, Bhavnagar.  
Gujarat 364 005.  
Date: 29.5.2004

BY ORDER OF THE BOARD OF DIRECTORS

(Chetan M Tamboli)  
MANAGING DIRECTOR



**Notes:**

1. A member entitled to attend and vote at the above meeting is also entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. To ensure correct identity of the members for the smooth conduct of the General Meeting, each Member and Proxy Holder attending the meeting is expected to bring with him/her an appropriate ID document like a Driving licence, Passport, Voter ID Card etc.
3. Register of Members shall remain closed from 24.7.2004 to 31.7.2004 (both days inclusive).
4. Dividend on equity shares of the Company, as declared by the Company, will be paid to those shareholders whose names stand registered on the Company's Register of Members as Beneficiary Owners as on close of July 23, 2004 as per the list provided by National Securities Depository Ltd (NSDL) and Central Depositories Services Ltd (CDSL) in respect of the shares held in electronic form and as Members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company before July 24, 2004.
5. The explanatory statement pursuant to section 173 of the Companies Act, 1956, relating to Special Business at item No. 6 to 9 of the Notice is annexed hereto.
6. Members are requested to notify change of address, if any.
7. Members desiring any information pursuant to an item on the Agenda are requested to write in advance so as to reach to the Company at least 48 hours before the date of the meeting so as to enable the Management to keep the information available at the meeting.

**EXPLANATORY STATEMENT**

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

In conformity with the provisions of Section 173 (2) of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the Special Business/Special Resolution mentioned in the accompanying Notice and should be taken as forming part of the Notice.

**Item No. 6:**

Special Resolution as mentioned in item No. 6 relates to reappointment of Shri M F Tamboli as a Whole Time Director of the Company, with the present designation of Chairman, for a further period of five years with effect from January 1, 2004. Shri M F Tamboli was associated with the Company as Managing Director from February 11, 1972 to June 18, 2003. The Board of Directors redesignated him as Chairman of the Company with effect from 18.6.2003. His last appointment and remuneration as Managing Director in pursuance of the Provisions under Schedule XIII to the Companies Act, 1956, for five years was on August 24, 1999, which period expired on December 31, 2003.

Considering his rich and wide experience, business acumen and substantial contribution to the growth of business of the Company, the Board of Directors has reappointed Shri M F Tamboli as a Whole Time Director designated as Chairman, for a further period of five years from January 1, 2004, in pursuance of the provisions of Schedule XIII to the Companies Act, 1956, as amended, subject to approval of shareholders.

The appointment is made subject to the terms and conditions contained in the draft agreement duly initialled by the Chairman for the purpose of identification and available for inspection at the Registered Office of the Company on any working day between 1400 and 1700 Hrs.

The approval of the shareholders to the above appointment and remuneration being required by law, the matter is being placed for your consideration. Shri M F Tamboli being presently over 70 years of age, the approval of the shareholders is required in the form of a Special Resolution. The Board of Directors recommends the resolution for your approval. Shri M F Tamboli and Shri C M Tamboli are interested Directors in the above resolution.

None of the other Directors is interested in the above resolution.

The explanatory statement is and should be treated as an abstract under section 302 of the Companies Act, 1956, as amended.

**Item No. 7:**

The Equity Shares of the Company are presently listed at the Stock Exchange, Mumbai (BSE), the Delhi Stock Exchange Association Ltd., Delhi (DSE) and Saurashtra Kutch Stock Exchange Ltd., Rajkot (SKSE). The volume of trading of the Company's shares at DSE and SKSE has been negligible, which does not justify payment of the considerable listing fees, as also incurring of time and cost of other compliances with them.

Further, the SEBI has relaxed the delisting norms some time ago, whereby if the Equity Shares of a Company are listed on any stock exchange having nationwide network (i.e. BSE and/or National Stock Exchange of India (NSE)) then by a Special Resolution the Equity Shares of the Company can be delisted from any other stock exchanges.

Therefore, the Board of Directors have decided to get the shares delisted from DSE and SKSE in accordance with applicable laws, rules, regulations and guidelines.

As required by the SEBI (Delisting of Securities) Guidelines, 2003, and the provisions of the Listing Agreement and other applicable laws, your approval is sought by way of a Special Resolution for delisting the Equity Shares of the Company from DSE and SKSE.

Shareholders/investors in these regions will not suffer due to proposed delisting since the Equity Shares of the Company will continue to be traded on BSE which is having nationwide network.

None of the Directors is interested or concerned in the above resolution.

#### Item No. 8

The Companies Act, 1956, has undergone some amendments during the last few years, further some new corporate laws were introduced regulating the company & shareholders in general, therefore, the Articles of Association of the Company are required to be amended. These amendments are being done to bring the Articles of Association in line with the prevailing law in force. Further the Articles of Association, contained some clause(s) which have become redundant or ineffective, the said clauses are being deleted and/or modified in order to bring them in line with the existing laws, rules & regulations.

It is proposed to amend the following Articles of Association of the Company. The approval of members of the company pursuant to Section 31 of the Companies Act, 1956.

- A. These clauses are pursuant to the Companies Act, 1956, and empowers the company to issue shares differential voting rights, vary rights, issue redeemable preference shares, issue shares through stock options and issue sweat equity shares.
- B. Article 8A provides for Buy Back of Company's shares in accordance with the provisions of Section 77A of the Companies Act, 1956.
- C. Article 11 provides for issue of Non-voting shares.
- D. Article 41(3) gives express power to the shareholders/debentureholders to nominate a person. This is inline with Section 109A of the Companies Act, 1956.
- E. Article 42A, 42B, 42C, are enabling clauses to give effect to the provisions of The Securities Contract (Regulation) Act, 1956 & The Depositories Act, 1996.
- F. Article 77A gives power to the company to transact the business by means of postal ballot.
- G. Article 91 states the list of present Directors of the company.
- H. Article 102 define the ex-officio directors of the company.
- I. Article 103 determines the Directors liable to retire by rotation.
- J. Article 111 (1) provides for mode of conducting Board meetings/ Committee meetings, this is subject to the rules & regulations that may be prescribed by the relevant authorities.
- K. Article 152 provides for manner of payment of dividend, payment by Electronic Clearing System (ECS) is also included.

A copy of the Memorandum & Articles of Association of the company together with the proposed alterations is open for inspection by the members of the company at the registered office of the company between 10.00 a.m. & 12.00 noon on all working days of the company excluding Saturday & holidays.

The Board commends the said Resolutions for acceptance by the members.

None of the Directors are interested in the resolution.

#### Item No. 9

In accordance with the provisions of Foreign Exchange Management Act, 1999 & regulations framed thereunder, your Directors propose to enhance the limit of OCB, NRI, FI's etc. holding to 49%.

The Board commends the said Resolution for acceptance by the members.

None of the Directors are interested in the resolution.

Registered Office:  
Ruvapari Road, Bhavnagar.  
Gujarat 364 005.  
Date: 29.5.2004

BY ORDER OF THE BOARD OF DIRECTORS  
(Chetan M Tamboli)  
MANAGING DIRECTOR

## DIRECTORS' REPORT

To: Members

Your Directors have pleasure in presenting the Directors' Report and audited statement of accounts of the Company for the period ended on March 31, 2004.

## 1. FINANCIAL RESULTS

The following are the working results:

(Rupees)

Particulars	2003-04	2002-03
Total Income	30,22,06,817	29,39,57,820
Profit Before Depreciation	1,66,96,882	2,15,02,183
Less: Depreciation	61,42,038	1,24,91,078
Profit before Taxation	1,05,54,844	90,11,105
Less: Taxation	32,00,000	52,00,000
Net Profit	73,54,844	38,11,105
Less: Provision for Deferred Tax Liability	3,47,655	(29,55,675)
Net Profit after Taxation	70,07,189	67,66,780
Add: Balance brought forward from last year	(32,53,405)	(1,00,09,355)
Add: Prior Period Adjustments	(11,149)	(10,830)
Total	37,42,635	(32,53,405)
Appropriations:		
(a) Proposed Dividend	26,95,950	Nil
(b) Corporate Dividend Tax	3,45,419	Nil
(c) General Reserve	1,00,000	Nil
Balance to be carried forward	6,01,266	(32,53,405)
Total	37,42,635	(32,53,405)

## 2. OPERATIONS:

- Despite stiff competition in the market, the total income during the year could be marginally improved from Rs. 2939.58 lacs previous year, to 3022.07 lacs this year.
- Profit after Tax is slightly better in 2003-04 compared to 2002-03, i.e. from Rs. 67.67 lacs to Rs. 70.07 lacs.
- The Company has also managed to wipe-off all its carried forward losses till date.
- During the year 2003-04, there was an extraordinary increase in the costs of Steel Scrap, Ferro Alloys and other inputs, the impact of which amounted to approximately Rs. 95 lacs. It is only with serious Cost Reduction, Energy Conservation, Improved Product Mix and rationalising/downsizing the operations of the Company, it has been able to maintain profitability.

## 3. DIVIDEND:

Your Directors recommend payment of dividend on Equity Capital @ 7.5% for the year ended March 31, 2004 subject to approval of shareholders at the ensuing Annual General Meeting.

## 4. EXPORTS:

The share of exports in the total sales continued at the previous year's high level of 44%.

## 5. TECHNOLOGY ABSORPTION:

To have a greater access to market, the Company has developed many intricate items as required by customers. Product and Process development and improvement continue.

## 6. DISCLOSURE CONCERNING EMPLOYEES:

There is no employee of the Company who is covered under the provisions of Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

## 7. QUALITY:

High quality standards are maintained in all areas and review of the same is also made constantly in view of the rapid changes that are taking place in the global markets.

## 8. INSURANCE:

All the properties and insurable assets of the Company, including Building, Plant & Machinery, Stocks etc., wherever necessary and to the extent required, have been adequately covered.



**9. DELISTING:**

As a part of cost reduction and simplification measures, the Company had earlier applied for voluntary delisting of the equity shares from the Ahmedabad Stock Exchange (ASE) pursuant to SEBI (Delisting of Securities) Guidelines, 2003. ASE has, vide its letter No. ASE/2004/128 dated April 8, 2004, accepted the said application. Accordingly, the shares of the Company have been delisted from ASE with effect from 31.3.2004.

**10. DIRECTORS:**

Shri M F Tamboli and Shri R V Shah retire by rotation and being eligible offer themselves for re-election.

**11. PERSONNEL**

The industrial relations during the year have been cordial and we expect to continue the same in future also.

**12. AUDITORS' REPORT:**

The Notes contained in the Auditors' Report being self explanatory, do not require additional comment.

**13. CORPORATE GOVERNANCE:**

Pursuant to the clause 49 of the Listing Agreements with the Stock Exchanges, a report on Corporate Governance as well as a Management Discussion and Analysis Report of the Company is attached herewith, and forms a part of this Report.

**14. DIRECTORS' RESPONSIBILITY STATEMENT:**

It is hereby confirmed:

- (a) that, in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) that, the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review;
- (c) 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;
- (d) that, the directors have prepared the annual accounts for the year ended 31st March, 2004 on a going concern basis.

**15. SEGMENT REPORTING:**

As all the manufacture is of one class of products made at one location, segmentwise reporting of the results would not be applicable to your Company.

**16. AUDITORS:**

The Auditors, M/s. Sanghavi & Co., Chartered Accountants, Bhavnagar, retire and being eligible, offer themselves for reappointment. The members are be requested to pass the necessary resolution in this regard.

**17. APPRECIATION:**

The Directors thank the Bankers, Financial Institutions and concerned Departments of the Government for their co-operation, and also record their appreciation for the efforts put in by the employees.

Registered Office:  
Ruvapari Road,  
Bhavnagar.  
Gujarat 364 005.  
Date: 29.5.2004

BY ORDER OF THE BOARD OF DIRECTORS

(M F Tamboli)  
CHAIRMAN

**Corporate Governance Report**

The management of the Company has been adhering to the principles of Corporate Governance since more than three decades by conducting the affairs of the Company in transparent manner with regularity and accountability.

In accordance with clause 49 of the Listing Agreement with the stock exchanges, the details of compliance by the company for the year ended on March 31, 2004 are mentioned hereunder:

**Philosophy of Company on Code of Corporate Governance:**

The basic philosophy of the management of the company is reflected in the quality Policy Statement of the company which reads as follows: