

18th **Annual Report** *2002-2003*

UTTAM GALVA STEELS LIMITED

**BOARD OF DIRECTORS**

SHRI RAJINDER MIGLANI	:	CHAIRMAN & MANAGING DIRECTOR
SHRI PRAVEEN MIGLANI	:	DIRECTOR
SHRI P. G. KAKODKAR	:	DIRECTOR
SHRI S. T. PARIKH	:	DIRECTOR
DR. N. S. DATAR	:	DIRECTOR
SHRI M. S. NATARAJAN	:	DIRECTOR (NOMINEE - LIC)
SHRI D. R. JAHAWAR	:	DIRECTOR (NOMINEE - IDBI)
SHRI DEEPAK VERMA	:	DIRECTOR (NOMINEE - ICICI BANK LTD)
SHRI ANUJ MIGLANI	:	DY. MANAGING DIRECTOR & COO

REGISTERED & CORPORATE OFFICE

UTTAM HOUSE,
69, P. D'MELLO ROAD,
MUMBAI : 400 009

BRANCHES

39, OKHLA INDUSTRIAL ESTATE,
NEW DELHI : 110 020

FRUTOS TRADE CENTRE,
SCRB ROAD, FANCY BAZAR,
GUWAHATI : 781 001

BUILDING NO. SC-1,
KOHINOOR CASTLE,
FINAL PLOT NO. 12,
MULLA ROAD, SANGAMWADI,
MUMBAI - PUNE ROAD,
PUNE : 411 003

WORKS

KHOPOLI - PEN ROAD
VILLAGE - DONVAT
TALUKA - KHALAPUR
DIST. - RAIGAD
MAHARASHTRA

KHOPOLI - PALI ROAD
VILLAGE - DAHIVALI
TALUKA - KHALAPUR
DIST. - RAIGAD
MAHARASHTRA

CHIEF GENERAL MANAGER (LEGAL) & COMPANY SECRETARY

RAJENDRA KUMAR HARAN

AUDITORS

SHRI YOGESH B MEHTA
CHARTERED ACCOUNTANT
401/402, NAND PREM SHOPPING CENTRE,
JUNCTION OF NEHRU ROAD & M G ROAD,
VILE PARLE (E),
MUMBAI : 400 057

BANKERS

STATE BANK OF INDIA
CANARA BANK
ICICI BANK LTD.
PUNJAB & MAHARASHTRA CO-OP. BANK LTD.

REGISTRAR & SHARE TRANSFER AGENT

MONDKAR COMPUTERS PVT. LTD.
(UNIT : UGSL)
21, SHAKIL NIWAS,
MAHAKALI CAVES ROAD,
ANDHERI (EAST),
MUMBAI : 400 093

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Uttam Galva Steels Limited**5 YEARS' HIGHLIGHTS**

	2002-03	2001-02	2000-01	1999-00	1998-99
SALES & EARNINGS					
	(Rs in Crores)				
SALES *	827.93	572.88	647.73	569.09	419.99
OTHER INCOME	2.34	0.73	0.92	1.74	0.98
TOTAL INCOME	830.27	573.61	648.65	570.83	420.97
LESS : CENTRAL EXCISE DUTY	44.82	45.56	55.08	49.51	51.02
LESS : SELLING & DISTRIBUTION EXPENSES	27.19	17.85	14.85	8.46	2.01
SALES AND OTHER INCOME (EFFECTIVE)	758.27	510.20	578.72	512.86	367.94
MATERIAL COST (INCL. STOCK VARIATION)	576.73	404.11	465.43	398.64	266.43
OTHER EXPENDITURE	80.93	65.51	69.96	54.82	50.01
PBIDT	100.61	40.58	43.33	59.40	51.50
INTEREST	62.53	34.05	55.00	68.17	34.69
PROFIT BEFORE DEPRECIATION & TAX (PBDT)	38.08	6.53	(11.67)	(8.77)	16.81
DEPRECIATION	27.78	27.42	26.96	24.11	15.67
PROFIT BEFORE TAX	10.30	(20.89)	(38.63)	(32.88)	1.14
PROFIT AFTER TAX	10.30	(20.89)	(38.63)	(32.88)	0.98
DIVIDEND	—	—	—	—	—
RETAINED EARNINGS	10.30	(20.89)	(38.63)	(32.88)	0.98
CASH ACCRUALS	38.08	6.53	(11.67)	(8.77)	16.65
ASSETS & LIABILITIES					
FIXED ASSETS : GROSS	611.72	570.65	562.28	553.45	535.42
: NET	434.79	421.48	440.40	458.48	464.47
TOTAL ASSETS : NET	501.17	470.14	495.34	513.94	510.68
REPRESENTED BY					
NET WORTH	129.98	111.57	129.72	117.49	156.72
SHARE CAPITAL	72.41	72.41	53.23	39.73	39.73
SHARE APPLICATION MONEY	6.27	—	35.62	—	—
RESERVES	63.37	63.37	47.62	86.23	119.37
BORROWINGS	371.19	358.56	365.62	396.44	353.96
LONG TERM	321.57	313.21	317.85	358.41	313.20
SHORT TERM	49.61	45.35	47.77	38.04	40.76
TOTAL FUNDS	501.17	470.14	495.34	513.94	510.68
RATIOS					
EARNING PER EQUITY SHARE RS.....		(3.12)	(7.26)	(8.27)	0.25
BOOK VALUE PER EQUITY SHARE RS	18.45	16.64	17.68	29.57	39.44
DEBT: EQUITY RATIO **	2.47:1	2.81:1	2.45 : 1	3.05 : 1	2.00 : 1

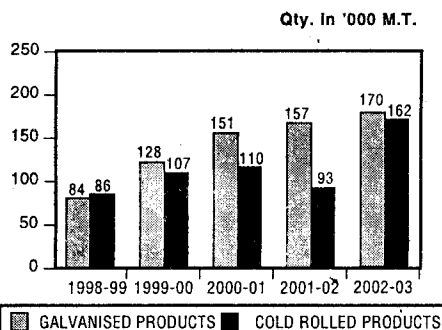
* Net of freight outward.

** On Long Term Borrowings.

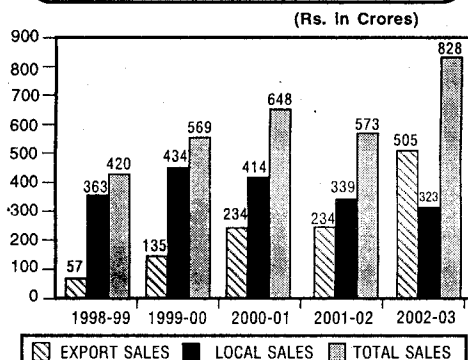


5 YEARS' HIGHLIGHTS

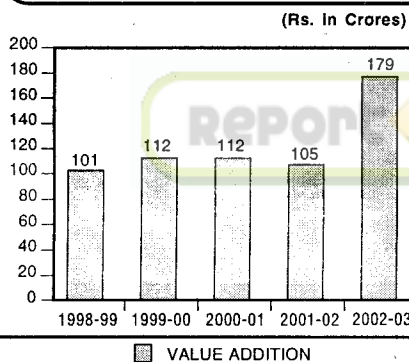
PRODUCTION



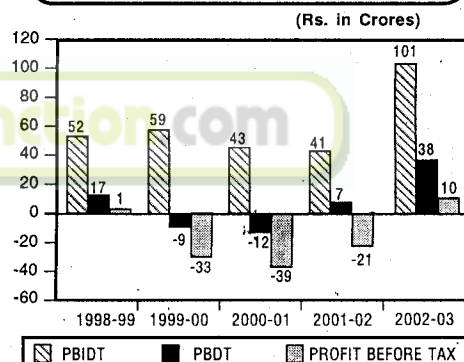
TOTAL SALES



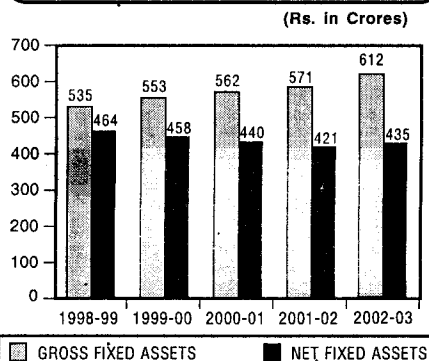
VALUE ADDITION



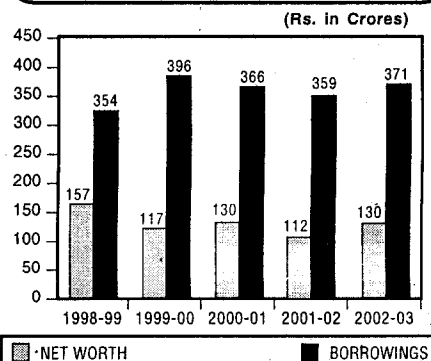
PBIDT/PBDT/PROFIT BEFORE TAX



FIXED ASSETS



NETWORTH AND BORROWINGS



Uttam Galva Steels Limited**NOTICE**

NOTICE is hereby given that the 18th ANNUAL GENERAL MEETING of the Members of the Company will be held at 11.00 A.M. on Saturday, the 27th September, 2003 at M. C. Ghia Hall, 18/20, K. Dubhash Marg, Mumbai 400 001 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Profit & Loss Account for the Financial Year ended 31st March, 2003 and the Balance Sheet as at that date and Reports of the Board of Directors and Auditor thereon.
2. To appoint a Director in place of Shri P. G. Kakodkar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. N. S. Datar, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution** :
"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Shri. Yogesh B Mehta, Chartered Accountant, the retiring Statutory Auditor of the Company, be and is hereby re-appointed as Statutory Auditor of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration and reimbursement of out-of-pocket expenses as may be decided by the Board of Directors of the Company."
5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution** :
"RESOLVED THAT pursuant to the Securities and Exchange Board of India (De-listing of Securities) Guidelines – 2003 and any other applicable Acts, Rules, Regulations, Guidelines, Orders, Directions etc., if any, the consent / approval of the Company be and is hereby accorded to the de-listing of the Equity Shares of the Company from the Stock Exchange – Ahmedabad and Calcutta Stock Exchange Association Ltd. and that the Board of Directors of the Company be and is hereby authorized to take all the necessary decisions and actions in this regard."
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 the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the Memorandum and Articles of Association of the Company and subject to Securities and Exchange Board of India Guidelines dated 4th August, 1994 as updated on 4th August, 2000 on Preferential Allotment, SEBI (Disclosure & Investor Protection) Guidelines, 2000, and any other Acts, Rules, Regulations, Notifications, Orders, Directions and Guidelines prevailing from time to time in this regard, if any, as may be applicable and terms and conditions of Letter no. 538/IDBI/MBO/CFD(F) dated May 22, 2003 of Industrial Development Bank of India Ltd. (IDBI) and Letter no. Invest/2002-03 dated January 6, 2003 of General Insurance Corporation of India (GIC) and any other approvals, including those of the Stock Exchanges where the Company's shares are listed and also subject to such terms and conditions, stipulations and modifications, if any, required by them while granting such approvals, permissions and sanctions from time to time and which the Board of Directors of the Company ("the Board", which term shall be deemed to include and duly authorized Committee of Directors) is hereby authorized and empowered to accept, the consent of the Company be and is hereby accorded to the Board, to issue and allot the following Equity Shares:
 - i) 61,85,000 Equity Shares of Rs. 10/- each for cash at par for an aggregate amount of Rs. 6,18,50,000/- to Industrial Development Bank of India (IDBI) for and to appropriate, adjust and convert Deferred Simple Overdue Interest of Rs. 6,18,50,000/- on outstanding Term Loans for the period from October 1, 2000 upto December 31, 2002, and
 - ii) 89,900 Equity Shares of Rs. 10/- each for cash at par for an aggregate amount of Rs. 8,99,000/- to General Insurance Corporation of India (GIC) for and to appropriate, adjust and convert Overdue Simple Interest of Rs. 8,99,000 on outstanding Term Loans upto September 30, 2000.

RESOLVED FURTHER THAT the aforesaid mentioned Equity Shares issued and allotted shall rank pari passu in all respect with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to take all such actions and to give all such directions, or to do all such deeds, matters and things as may be necessary or desirable and to settle any question or difficulty that may arise in regard to the terms of issue and allotment of Equity Shares and to accept any variation, alteration and / or modification as the Board in its absolute discretion thinks fit and proper and to execute all such deeds, documents and writings as may be necessary and which may be imposed, required or suggested by any statutory or regulatory authority."

By Order of the Board of Directors

Rajendra Kumar Haran
Chief General Manager (Legal) &
Company Secretary

Registered Office :
Uttam House,
69, P. D'Mello Road,
Mumbai 400 009
Date : 16th May, 2003

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ALSO ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY(IES), IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Explanatory Statement under section 173(2) of the Companies Act, 1956 in respect of Item No. 4, 5 and 6 of the Notice is enclosed herewith.
3. Register of Members and Share Transfer Books of the Company shall remain closed from 16th September, 2003 to 26th September, 2003 (both days inclusive).
4. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Company Secretary, so as to reach him at least seven days before the date of the Meeting.
5. Members/Proxy(ies) attending the Meeting are requested to bring their Attendance Slip, sent herewith, duly filled in and also their copies of the Annual Report.
6. The Company's Shares are listed on Stock Exchanges at Mumbai, Delhi, Kolkata and Ahmedabad and at National Stock Exchange, Mumbai.
7. All queries relating to share transfer and allied subjects should be addressed to :

M/s. Mondkar Computers Private Limited
(Unit : UGSL)
 21, Shakil Niwas, Opp. Saibaba Mandir,
 Mahakali Caves Road, Andheri (East),
 Mumbai 400 093

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

The following Explanatory Statement sets out all the material facts relating to the Special Business under Item No. 4, 5 and 6 of the accompanying Notice dated 16th May, 2003.

In respect of Item No. 4

Pursuant to Section 224A of the Companies Act, 1956, in the case of a Company in which not less than 25% of the Subscribed Share Capital is held, whether singly or in combination, by –

- (a) a Public Financial Institutions or a Government Company or Central Government or any State Government or
- (b) any Financial or other Institutions established by any Provincial or State Act in which a State Government holds not less than fifty one percent of the Subscribed Share Capital or
- (c) a Nationalised Bank or an Insurance Company carrying on general insurance business, the appointment or re-appointment at each Annual General Meeting of an Auditor or Auditors shall be made by a Special Resolution.

The holding of the Public Financial Institutions, Nationalised Banks, Insurance Companies etc. in the Subscribed Share Capital of the Company stands at above 25% and hence the re-appointment of Shri Yogesh B. Mehta, Chartered Accountant as Statutory Auditor of the Company is required to be made by a Special Resolution.

The Board of Directors recommends the passing of a Special Resolution given at Item No. 4 of the Notice.

None of the Directors of the Company is, in any way, concerned or interested in the said Special Resolution.

In respect of Item No. 5

Pursuant to the provisions of SEBI (De-listing of Securities) Guidelines – 2003, the procedure for de-listing of Equity Shares has been made very simple and cost effective.

The financial cost and also the cost of time and energy incurred for compliances through out the year with the Stock Exchange - Ahmedabad and Calcutta Stock Exchange Association Ltd. is substantial and the quantum of trading in the Equity Shares is very negligible at these Stock Exchanges. Moreover, due to continued listing of Equity Shares with the Stock Exchange at Mumbai and National Stock Exchange having national network, the shareholders of the Company are in no way going to be affected adversely by de-listing from the Stock Exchanges at Ahmedabad and Kolkata.

Uttam Galva Steels Limited

However, the listing of Equity Shares with Stock Exchange at Delhi will continue in addition to Stock Exchange at Mumbai and NSE.

The Board of Directors recommends the passing of a Special Resolution given at Item No. 5 of the Notice.

None of the Directors of the Company is, in any way, concerned or interested in the said Special Resolution.

In respect of Item No. 6

This Special Resolution seeks the consent of Members in terms of Section 81 (1A) of the Companies Act, 1956, to offer, issue and allot Equity Shares to the Financial Institutions viz. Industrial Development Bank of India (IDBI) and General Insurance Corporation of India (GIC) consequent upon the restructuring of financials as per restructuring proposals as approved by Financial Institutions namely IDBI and GIC, to the extent of conversion of overdue interest into Equity Shares.

The Issue will be subject to prevailing Guidelines of SEBI regarding "Preferential Allotment" announced on 4th August, 1994 as updated on 4th August, 2000 and other Guidelines as may be applicable and / or other approvals of any other Authorities such as Stock Exchange(s).

The Company proposes as under :

- i) To appropriate, adjust and convert Deferred Simple Overdue Interest of Rs. 6,18,50,000/- on Outstanding Term Loans from IDBI for the period from October 1, 2000 upto December 31, 2002 into Equity Shares and to offer, issue and allot aggregately 61,85,000 Equity Shares of Rs. 10 each for cash at par in terms of its letter no. 538/IDBI/MBO/CFD(F) dated May 22, 2003.
- ii) To appropriate, adjust and convert Deferred Simple Overdue Interest of Rs. 8,99,000/- on Outstanding Term Loans from GIC as on September 30, 2000 into Equity Shares and to offer, issue and allot aggregately 89,900 Equity Shares of Rs. 10/- each for cash at par in terms of its letter no. Invest/2002-03 dated 6th January, 2003.

The details of the allottees is given below :

LIST OF ALLOTTEES (FI's)

Sr. No.	Name & Address of the Institutions	No of Shares held in the Capital of UGSL Prior to Issue	% of holding in the Capital of UGSL Prior to Issue	No. of Shares held in the capital of UGSL After the Issue	% of holding in the Capital of UGSL After the Issue
1	IDBI IDBI Towers, 7 th Floor, Cuffe Parade, Mumbai - 400 005.	3120	0.000	61,88,120	8.441
2.	GIC Suraksha, 170, J. Tata Road, Churchgate, Mumbai - 400 020	10000	0.0149	99,900	0.136
Total :		13120	0.0149	62,88,020	8.577

No Promoters / Directors / Key Management Persons except concerned Financial Institutions as stated above will be subscribing to this Preferential Allotment.

The above Equity Shares will be issued and allotted at a price not less than the higher of the following :

- 1) the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; or
- 2) the average of weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date.

Explanation :-

- (a) "relevant date" for the purpose of this clause means the date thirty days prior to the date on which the meeting of general body of shareholders is held, in terms of section 81 (1A) of the Companies Act, 1956 to consider the proposed issue.
- (b) "stock exchange" for the purpose of this clause means any of the recognized stock exchanges in which the shares are listed and in which the highest trading volume in respect of the shares of the company has been recorded during the preceding six months prior to the relevant date.



Pursuant to SEBI Guidelines, the price of Equity Shares is determined at below Rs.10/- per share; however the Preferential Allotment in favour of Financial Institutions namely IDBI and GIC will be effected at Rs. 10 per share.

Shareholding Pattern of the Company after allotment of Equity Shares valued at Rs. 6,27,49,000/- to IDBI & GIC shall be as under:->

Sr. No.	Category	Holding as on 31 st March 2003	%	After Proposed Allotment Nos.	%
		Nos			
1	Indian Promoters-	23411207	34.923	23411207	31.933
2	Foreign Promoters	2714700	4.050	2714700	3.703
	Total	26125907	38.973	26125907	35.636
3	ICICI Bank Ltd.	13389563	19.973	13389563	18.264
4	IFCI	1342700	2.003	1342700	1.831
5	IDBI	3120	0.004	6188120	8.441
6	LIC	2586000	3.857	2586000	3.527
7	UTI	60200	0.089	60200	0.082
8	IIBI	1253500	1.870	1253500	1.710
9	GIC	10000	0.015	99900	0.136
10	Mutual Funds	93200	0.139	93200	0.127
11	Nationalised Banks	18600	0.028	18600	0.025
12	NRIs / FIIs / OCBs	3022540	4.509	3022540	4.124
13	Corporate Bodies	4077650	6.083	4077650	5.562
14	Indian Public	15054393	22.457	15054393	20.535
	Total	40911466	61.027	47186366	64.364
	GRAND TOTAL	67037373	100.00	73312273	100.00

The Company is of view that SEBI Take Over Regulations will not apply to the proposed issue in terms of Regulation 3(1)(c) for this preferential allotment. On allotment of Equity Shares to the Financial Institutions namely IDBI & GIC, the Board of Directors of the Company will not be re-constituted nor there will be any change of control. No Directors of the Company is in anyway concerned or interested in this Special Resolution except Shri D. R. Jawahar in his capacity as Nominee of IDBI on the Board of Directors in respect of Preferential Allotment to IDBI.

The proposed issue and allotment of shares shall be completed on or before 26th December, 2003 which is within prescribed period under the SEBI Guidelines on Preferential Allotment dated 4th August, 1994, as updated on 4th August, 2000. In terms of the letter issued by the Stock Exchange-Mumbai, the issue price of the Equity Shares of the Company as on 26/06/2003 is Rs. 7.65.

The Board of Directors recommends the passing of the Special Resolution given at Item No. 6 of the Notice.

None of the Directors of the Company is, in any way, concerned or interested in the said Special Resolution except Shri D. R. Jawahar -Nominee of IDBI on the Board of Directors.

By Order of the Board of Directors

Rajendra Kumar Haran
Chief General Manager (Legal) &
Company Secretary

Registered Office :

Uttam House,
69, P. D'Mello Road,
Mumbai - 400 009

Date : 16th May, 2003

Uttam Galva Steels Limited

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure to present Eighteenth Annual Report on the business and operations of the Company, along with the Audited Statement of Accounts for the Financial Year ended 31st March, 2003.

1. FINANCIAL RESULTS :

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2002-2003 (Rs. in Crores)	2001-2002 (Rs. in Crores)
Sales & Other Income	830.27	573.61
Gross Profit before Depreciation and Interest	100.61	40.58
Less : Interest & Financial Charges	49.44	34.05
Restructuring Financial Cost - Term Loans	13.09	—
Cash Profit/ (Loss)	38.08	6.53
Less : Depreciation	27.78	27.42
Profit / (Loss) before Tax	10.30	(20.89)
Less : Provision for Tax	—	—
Add : Balance Carried from earlier year	(19.28)	1.60
Balance Carried to Balance Sheet	(8.98)	(19.28)

Note : The figures of the previous year have been re-grouped to bring these in line with this years figures, wherever required.

2. OPERATIONS :

Your Company has achieved higher turnover of Rs.830.27 crores in comparison to Rs.573.61 crores during the previous year i.e. an increase by 44.74%; gross profit of Rs.100.61 crores in comparison to Rs.40.58 crores during the previous year i.e. 148.93% increase.

Your company could achieve this performance due to higher volumes, higher price realisation and higher margins. Also the higher volumes of production and better quality was made possible due to continuous modernisation, upgradation of machinery and de-bottlenecking of various process during the financial year under review. This exercise will continue during the current financial year, further enhancing production volume and quality of products.

However, in view of inadequate profits, the Board of Directors regret not to recommend any dividend.

3. EXPORTS :

The gross export turnover was increased to Rs. 505.05 crores compared to Rs. 233.92 crores during the previous year due to higher volumes and better price realisation in excellent scenario in the International Market during the hereunder review:

Owing to rapidly changing dynamics in the global steel market, we foresee a difficult year ahead for the Steel Industry. However we are confident that your Company will be able to market its products even in the adverse market conditions.

4. MANAGEMENT DISCUSSION AND ANALYSIS :

Pursuant to Clause 49 (V) (A) & (B) of the Listing Agreement your Directors wish to report as follows:

a. Industry Structure and Development

The industry has turned a new corner due to rapidly increasing capacities, volatile price realisation and margins. The trends seem much too dynamic at this point owing to uncertainties prevailing in several steel consumption centers around the globe. We are, however, optimistic towards stabilization in the industry in the near future.

b. Opportunities and Threats

Opportunities exist and there is no doubt that the industry will thrive. However, equilibrium in the Indian Steel Industry is subject to rationalization and judicious decision making within the global steel industry.



c. Segment – wise or Product – wise Performance

Segment wise or product wise analysis of performance is not applicable to your Company under Accounting Standard 17.

d. Outlook

The Steel Industry facing difficult phase of continuous six years, has seen the financial year 2002-2003 as a turn around and recorded over all good performance. Your company was no exception to this positive trend and accordingly achieved better performance.

The outlook for the Industry and consequently for your company during the current financial year is reasonably good subject however, to the effects of prevailing disturbed scenario in the export markets.

e. Risks and Concerns

Domestic and International market conditions could be the only risk which may be faced by the Steel Industry. Other risks or concerns related to finance, production, stocks, insurance etc. are being managed adequately and efficiently by your Company.

f. Internal Control Systems and their adequacy

Your Company has put effective internal control systems into operation and is having regular internal audit mechanism to monitor and review the same under the overall control and supervision of the Internal Auditor and the Audit Committee of Directors. These systems have improved substantially and resulted into better management and effective controls. Continuous improvements are implemented in this regard.

g. Discussion on Financial Performance with respect to Operational Performance

The Financial performance with respect to the operational performance during the year under review was excellent. 148.93% increase in gross profit over the previous year i.e. from Rs.40.58 crores to Rs. 100.61 crores has proved the excellent operational and financial performance during the year under review. Volumes, price realisation and margins were higher compared to previous year, despite the higher cost of raw material.

h. Material Development in Human Resources / Industrial Relations Front, including Number of People Employed

Your Company is constantly endeavoring to introduce Human Resources Development activities for overall improvement of its team and induction of professional manpower. Various internal and external training programs are being regularly conducted. Presently, your Company is employing about 600 employees. Your Company has good industrial relations.

i. Material Financial and Commercial Transactions :

There are no material significant financial and commercial transactions with the related parties viz. Promoters, Directors or the Management, their Companies / firms or relatives conflicting with the interest of the Company. The Promoters and the Directors are not dealing in the Shares of the Company.

5. CORPORATE GOVERNANCE :

Your Company has been very active in introduction and implementation of corporate governance norms. Your Company has taken all the mandatory steps as required in Clause 49 of the Listing Agreement. A detailed report on Corporate Governance along with a certificate from the Auditors confirming the compliance is annexed hereto (Annexure-III) and forms part of the Directors' Report.

6. AUDIT COMMITTEE :

The Meeting of the Audit Committee of Directors as required under Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement which consists of three Non-Executive Independent Directors took place on 20th April, 2002, 3rd June, 2002, 16th July, 2002, 18th October, 2002 and 29th January, 2003 respectively. The said Committee is discharging its due obligations and responsibilities as required.

7. DIRECTORS :

During the year under review Shri Nand Kishore Ambade (Nominee of IDBI) ceased to be Directors on the Board w.e.f. from 13.09.2002 due to his resignation and Shri Deepak Verma (Nominee of ICICI) , Shri D R Jawahar (Nominee of IDBI) joined the Board on 30.09.2002 and 13.09.2002 respectively.

In accordance with the provisions, Section 255 & 256 of the Companies Act, 1956, Shri P G Kakodkar and Dr. N S Datar, retire by rotation and being eligible, offer themselves for re-appointment. The Board of Directors recommend their re-appointment.

8. DIRECTORS' RESPONSIBILITY :

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) Appropriate Accounting Policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as