

ANNUAL REPORT AND ACCOUNTS 1997-98





Madhav Prasadji Birla
(1918-1990)

Visionary. Pioneer. Karmayogi. His inspiring spirit of enterprise continues to be the guiding force for all our activities and future growth.



MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓		SHI	✓
YE	✓			

BOARD OF DIRECTORS

Smt. Priyamvada Birla
Chairman

Shri G.D. Kothari

Shri Rasiklal M. Dalal

Shri N.K. Kejriwal

Shri R.K. Choudhury

Smt. Nandini Nopany

Shri Harsh V. Lodha

Shri A.N. Poddar
(Nominee of GIC & its subsidiaries)

Smt. Chanda Kochhar
(Nominee of ICICI Ltd.)
(from 9th February, 1998)

Shri K. C. Mittal
Managing Director
(from 3rd August, 1998)

Shri A.L. Kapur
Executive Director & Chief Executive Officer

Shri N.P. Ghuwalewala
Wholtime Director

AUDITORS

H.P. Khandelwal & Co.
Chartered Accountants

BRANCH AUDITORS

Price Waterhouse
Chartered Accountants

Clark, Gardner, Wolf & Co.
Chartered Accountants

REGISTERED & PRINCIPAL OFFICE

Birla Building, 9/1, R.N. Mukherjee Road,
Calcutta-700 001.

SENIOR MANAGEMENT TEAM

Shri C.B. Nevatia
President
Jute Division

Shri I.K. Saha
President (HRD)
(till 30th April, 1998)

Shri A. Chatterjee
President
Birla Carbide & Gases
Birla Vinoleum
Birla Synthetics

Shri N.C. Jain
President
Corporate Planning
& Finance

Shri S.B. Roongta
President
Satna Cement Works
& Birla Vikas Cement

Shri D. Chanda
Jt. President
Birla Cement Works
& Chittor Cement Works

Shri S.S. Murthy
President
Auto Trim Division

Shri P.S. Marwah
Sr. Vice President
Durgapur Cement Works

COMPANY SECRETARY

Shri Manoj Maheshwari

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Smt. Priyamvada Birla
Chairman



Shri K.C. Mittal
Managing Director

DIRECTORS



Shri A.L. Kapur
Executive Director &
Chief Executive Officer



Shri G.D. Kothari



Shri R.M. Dalal



Shri N.K. Kejriwal



Shri N. P. Ghuwalewala
Wholetime Director



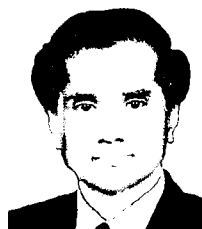
Shri R.K. Choudhury



Smt. Nandini Nopany



Shri Harsh V. Lodha



Shri A.N. Poddar



Smt. Chanda Kochhar



Notice To the Shareholders

NOTICE is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at Ghanshyam Das Birla Sabhagar, 29, Ashutosh Chowdhury Avenue, Calcutta-700 019, on Wednesday, the 16th September, 1998, at 4.00 p.m. for the following purposes :

1. To receive and consider the Report of the Directors and to pass the audited Accounts for the year ended 31st March, 1998.
2. To declare dividend on Ordinary Shares subject to the approval of the Central Government and of the financial institutions and any other approvals as may be required.
3. To elect directors in place of Shri R.M. Dalal and Shri R.K. Choudhury, who retire by rotation.
4. To appoint Auditors and Branch Auditors and fix their remuneration and for the purpose to consider, and, if thought fit, to pass with or without modifications, the following Resolutions as Special Resolutions u/s. 224A of the Companies Act, 1956 :-
 - i) "RESOLVED that Messrs. H.P. Khandelwal & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Meeting to the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration and sanction travelling and other incidental expenses that may be incurred by them in connection with the audit of Accounts of the Company."
 - ii) "RESOLVED that Messrs. Price Waterhouse, Chartered Accountants, be and are hereby appointed as Branch Auditors for the Company's Soorah Jute Mills to hold office from the conclusion of this Meeting to the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration and sanction travelling and other incidental expenses that may be incurred by them in connection with the audit of Accounts of the Company's said Unit."
 - iii) "RESOLVED that Messrs. Clark, Gardner, Wolf & Co., Chartered Accountants, be and are hereby appointed as Branch Auditors for the Company's Birla Vinoleum to hold office from the conclusion of this Meeting to the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration and sanction travelling and other incidental expenses that may be incurred by them in connection with the audit of Accounts of the Company's said Unit."

5. As Special Business :

To consider and, if thought fit, to pass with or without modifications, the following Resolutions :-

(i) As Ordinary Resolution

"RESOLVED that Shri K. C. Mittal, a Director of the Company who holds office up to the date of this Annual General Meeting under Article No.138 of the Company's Articles of Association, be and is hereby re-appointed as Director of the Company, liable to retire by rotation."

(ii) As Ordinary Resolution

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the Company do hereby accord its approval to the appointment of Shri K. C. Mittal, a Director, as Managing Director of the Company, not liable to retire by rotation for a period of three years with effect from 3rd August, 1998, on a monthly salary of Rs. 50,000/- (in the scale of Rs. 50,000/- — Rs. 5,000/- — Rs. 65,000/-) plus commission @ 1% on the net profits of the Company subject to a ceiling of 50% of the annual salary and perquisites and on other terms and conditions as set out in the draft Agreement placed before the Meeting and initialed by the Chairman of the Board for the purpose of identification provided that remuneration payable to Shri K. C. Mittal by way of salary, commission and perquisites and other amounts shall not exceed the limits laid down in Section 198 and 309 of the Companies Act, 1956 and that the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions in such manner as may be agreed to between the Board of Directors and Shri K. C. Mittal in the best interest of the Company, within the limits laid down in Sections 198 and 309 of the Companies Act, 1956 or any amendments thereof or as may be otherwise permissible in law."

(iii) As Special Resolution

"RESOLVED that subject to the approval of the Central Government, the name of the Company, be changed from **Birla Corp Limited** to **Birla Corporation Limited**."

(iv) As Ordinary Resolution

"RESOLVED that the Authorised Capital of Rs. 75,00,00,000/- (Rupees Seventy-five crores only) of the Company be and is hereby restructured as Rs. 50,00,00,000/- (Rupees Fifty crores only) of Ordinary shares divided into 5,00,00,000 (Five crores) Ordinary shares of Rs. 10/- each and Rs. 25,00,00,000/- (Rupees Twenty-five crores only) of Preference Shares divided into 25,00,000 (Twenty-five lacs) Shares of Rs. 100/- each and consequently the existing Clause 5 of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in the place thereof, the following as new Clause 5".

"5.The Authorised Capital of the Company is Rs. 75,00,00,000/- (Rupees Seventy-five crores only) divided into 5,00,00,000 (Five crores) Ordinary shares of Rs. 10/- each and 25,00,000 (Twenty-five lacs) Preference Shares of Rs. 100/- each with power to the Board of Directors to sub-divide, consolidate and increase or reduce the Capital of the Company and to issue any share of the original capital or any new capital, and to divide the shares for the time being of the Company into several classes of stock or shares and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions thereto as it may consider appropriate with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as it may consider appropriate."



(v) As Special Resolution

"RESOLVED that in terms of Sections 80, 81 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as "the Board") at its absolute discretion, the consent of the Company be and is hereby accorded to the Board to offer/issue/allot, in the course of domestic and/or international offering, redeemable preference shares of the face value of Rs. 100/- each, of an aggregate nominal amount not exceeding Rs. 25 crores (hereinafter for brevity's sake referred to as "Securities"), to be subscribed in rupees/foreign currency(ies), by such person or persons whether or not shareholders of the Company as the Board may at its absolute discretion decide, including one or more of the members, promoters, debenture holders, employees, financial institutions, institutions, banks, mutual funds, foreign investors, non-resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), bodies corporate, companies, private or public and other entities, in one or more combinations thereof, whether through public issue, right issue, private placement, preferential allotment or otherwise, in one or more modes or combinations thereof and in one or more tranches and on such terms and conditions including the rate of dividend, amount of premium, if any, on redemption, redemption period, manner of redemption and matters incidental thereto;

RESOLVED FURTHER that such of these Securities to be issued as are not subscribed may be disposed of by the Board/Committee thereof to such persons and in such manner and on such terms as the Board/Committee in its absolute discretion thinks most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors/Bodies Corporate/such other persons or otherwise as the Board/Committee thereof may in its absolute discretion decide;

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, any doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

(vi) As Special Resolution

"RESOLVED that in accordance with the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) and re-enactment thereof, for the time being in force) and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered as follows :

- 1 (a) Alongwith existing definitions in Article No.2 of the Articles of Association of the Company, the following definitions of 'Beneficial Owner,' 'Depositories Act', 'Depository' and 'Securities & Exchange Board of India' shall be inserted as follows :

'Beneficial Owner'	:	" 'Beneficial Owner' shall mean the beneficial owner as defined in Clause (a) of Sub-Section (1) of Section 2 of the Depositories Act, 1996."
'Depositories Act'	:	" 'Depositories Act' means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof for the time being in force."
'Depository'	:	" 'Depository' shall mean depository as defined under Clause (e) of Sub-Section (1) of Section 2 of the Depositories Act, 1996."
'Securities & Exchange Board of India'	:	" 'Securities & Exchange Board of India' means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992."
- (b) That the existing definition of "Member" appearing therein shall be deleted and in place thereof the following shall be substituted :

"Member means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a beneficial owner in the records of the depository."
- (c) That the following Proviso shall be added at the end of the paragraph one viz :

"PROVIDED that the words or expressions used in these Articles and not defined in the Act but defined in the Depositories Act, 1996 shall have the same meaning respectively assigned to them in that Act."
2. That the undernoted new Articles as Article No. 6B and No.6C be added after the existing Article No.6A.

"Power to Company to dematerialise, rematerialise and numbering thereto"	:	"6B That notwithstanding anything as herein contained the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) pursuant to Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form."
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- "Shares held in electronic and fungible form" : "6C In the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 as amended from time to time or any Rules, Regulations, bye-laws framed thereunder shall apply."
3. That the existing Article No.14(a) with the marginal note be deleted and the following be substituted in place thereof :
- "Company not bound to recognise any interest in share other than that of registered holder or beneficial owner." : "14 (a) Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the beneficial owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall however, express or implied notice thereof. No notice of any trust, express, implied or constructive shall be entered on the Register of Members or of debenture holders or be receivable by the Registrar."
4. That the existing Article No.16 will be modified by adding the words "and the Depositories Act, 1996" after the existing word "Act" appearing at the end line thereof.
5. That the existing Article No.17 with the marginal notes be deleted and the following be substituted in place thereof:
- "Shares to be numbered progressively" : "17 The Shares in the Capital shall be numbered progressively according to their several denominations. PROVIDED HOWEVER, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Every forfeited or surrendered shares shall continue to bear the number by which the same was originally distinguished."
6. That the existing Article No.21 be modified by adding at the end thereof the following Proviso :
- "PROVIDED HOWEVER, that no Share Certificate(s) shall be issued for shares held by a Depository."
7. That the existing Article No.45 be modified by adding after the words "transfer of a share in, or debentures of the Company" appearing in the third line thereof the following words viz :
- "except in case of transfer of Securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the Depository."
8. That the existing Article No.45 be modified by adding at the end
- "The Company shall keep a 'Register of Transfers' and therein shall be entered the particulars of every transfer or transmission of any share held in material form."
9. After existing Article No.45, the following new Articles shall be inserted as Articles No.45A and No.45B
- "45A Nothing contained in the Articles shall apply to transfer of security effected by the transferor and the transferee both of whom are entered as "Beneficial Owners" in the records of the Depository."
- "Specific beneficial provisions of the Companies Act, 1956 not to apply to Depository" : "45B On the shares, debentures and securities held by Depository on behalf of the beneficial owners as defined in the Depositories Act, 1996, the provisions of Sections 153, 153A, 153B, 187B, 187C and 372 shall not apply."
10. That the existing Article No.49 be modified by adding at the end thereof the following Proviso:
- "Service of documents or notices by Members" : "Provided that where the securities are held in a depository, documents/notices may be served by such depositories who is/are the beneficial owner in respect thereof, on the Company by means of electronic mode or by delivery of depository floppies or discs."
11. (a) That the existing Sub-Article (c) of Article No.157 be deleted and in place thereof the following Sub-Article be substituted viz :
- "c) Register of Members and Index in accordance with Sections 150 & 151 of the Act and the Depositories Act,1996."
- (b) That the existing Sub-Article (d) of Article No.157 be deleted and in place thereof the following Sub-Article be substituted viz:
- "d) Register and Index of Debenture holders in accordance with Section 152 of the Act and the Depositories Act, 1996. The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Debenture holders for the purpose of this Act. The Company shall have the power to keep in any state or country outside India a branch Register of Debenture holders resident in that state or country."

**(vii) As Special Resolution**

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) and re-enactment thereof, for the time being in force), the Articles of Association of the Company be and are hereby altered in the manner stated below:

The following Article No.13 with marginal notes be inserted in place of the existing Article No.13 :

"Purchase of : "13 Subject to the provisions of the Act or any other applicable laws in force at the relevant time, the Board of Directors shall have powers to purchase any of its own fully paid shares whether or not they are redeemable, and may make payments out of its capital in respect of such purchases."

(viii) As Ordinary Resolution

"RESOLVED that pursuant to the provisions of Section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the prior approval of the Central Government and any other approvals required, the Company hereby sanctions the investment by the Directors of a sum not exceeding Rs. 45 lacs, for the purchase of 4,02,000 equity shares of Rs. 10/- each of Talavadi Cements Ltd., notwithstanding that such investment together with the Company's existing investments in all other bodies corporate shall be in excess of any or all of the percentages prescribed pursuant to sub-section (2) of Section 372 of the Companies Act, 1956 and the proviso thereto. The Board of Directors be authorised to determine the actual sum not exceeding Rs. 45 lacs to be so invested and all matters arising out of and incidental to the proposed investment."

The Register of Members of the Company will remain closed from the 19th August, 1998 to the 16th September, 1998, both days inclusive.

Registered Office : 'Birla Building',
9/1, R.N. Mukherjee Road, Calcutta-700 001
Dated, the 3rd August, 1998.

By Order of The Board
Manoj Maheshwari
Secretary

NOTES :

- (1) The Directors recommend payment of dividend for the year @ Re. 1.00 per share, i.e @ 10% on 3,05,57,677 Ordinary Shares of Rs. 10/- each. If dividend on shares is declared at the Meeting, the DIVIDEND WILL BE PAID TO THE REGISTERED SHAREHOLDERS whose names appear on the Company's Register of Members on the 16th September, 1998 or to their order or to their Bankers.
- (2) No tax will be deducted at source on the dividends payable to the shareholders.
- (3) A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of himself and a 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.
- (4) Shareholders are requested to notify to the Company, quoting their folio number, any change in their registered address along with the pin code number, PAN/GIR number with Income-tax Ward/Range/District immediately.
- (5) Shareholders who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
- (6) Shareholders who have not so far encashed their Dividend warrants for the accounting years ended 31st March, 1995, 31st March, 1996 and 31st March, 1997 may immediately approach the Company for revalidation of unclaimed Dividend warrants. The Company is individually informing the members concerned about the particulars of such unclaimed dividends. The unclaimed Dividend for the year ended 31st March, 1995 would fall due for deposit to the credit of General Revenue Account of Central Government within 13th August, 1998.
- (7) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Palace, IInd M.S.O. Building, 2nd Floor, 234/4, Acharya Jagadish Chandra Bose Road, Calcutta-700 020.
- (8) Shareholders are requested to inform immediately their Bank Account particulars in the following manner, if not informed earlier, so that the same could be incorporated in Dividend warrants after their names to avoid fraudulent encashment.

- | | | |
|----|---------------------------|---|
| 1. | Folio No. | : |
| 2. | Name | : |
| 3. | Bank A/c No. | : |
| 4. | Name of the Bank & Branch | : |

- (9) An explanatory statement in respect of the above item of Special Business is annexed hereto.



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

Items of Special Business :

- 5 (i) Shri K. C. Mittal was appointed as an Additional Director on the Board of the Company on 3rd August, 1998 under Article No.138 of the Company's Articles of Association. He holds office up to the date of the ensuing Annual General Meeting. The Company has received Notice u/s 257 of the Companies Act, 1956 proposing his candidature for the office of the Director and he is eligible for re-appointment. Hence, your approval is sought to the proposed Resolution.

The Board of Directors recommends passing of the Resolution.

Except Shri K.C. Mittal, none of the Directors of the Company is concerned or interested in the Resolution.

- 5 (ii) The Board of Directors of the Company at its Meeting held on 3rd August, 1998, has approved, subject to the approval of the shareholders of the Company the appointment of Shri K.C. Mittal as Managing Director of the Company for a period of three years from 3rd August, 1998 to 2nd August, 2001, on the terms and conditions as stated herein below. Shri K.C. Mittal is a highly experienced financial expert and ex-Chairman of General Insurance Corporation of India Limited and has wide experience in financial, systems and general management of more than 38 years and he is therefore considered suitable for the position of Managing Director of the Company.

Remuneration

- (a) **Salary :** Rs. 50,000/- (Rupees Fifty thousand only) per month in the scale of Rs. 50,000/- - Rs. 5,000/- - Rs.65,000/-). The increase in salary will take effect from 1st day of April every year.
- (b) **Commission :** @ 1% of the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to a ceiling of 50% of the annual salary as defined in para (a) above.
- (c) **Perquisites :** Perquisites mentioned hereinafter will be restricted to an amount equivalent to the annual salary as mentioned in para (a) above to be reckoned on the basis of actual expenditure or liability incurred by the Company as provided under explanation to Section 198 of the Companies Act, 1956. Within this overall limit, the perquisites that may be allowed by the Company and the quantum thereof is as mentioned hereinafter.
- (d) **Residential Accommodation :**
- (i) Free furnished residential accommodation
- or
- In case the Company hires the accommodation, then expenditure incurred by the Company on hiring the same will be subject to the following ceiling :
- 60% of the salary over and above 10% payable by the Managing Director
- or
- In case no accommodation is provided, the Managing Director shall be entitled to house rent allowance @ 60% of the salary.
- (ii) In addition, the actual expenditure incurred by the Company on gas, electricity, water and furnishings, but the same will be valued as per Income Tax Rules, 1962.
- (e) **Medical Reimbursement :** Expenses incurred for self and family (including mediclaim insurance premium) in accordance with the Rules of the Company.
- (f) **Leave Travel Concession :** For self and family, once in a year, in accordance with the Rules of the Company.
- (g) **Club Fees :** Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.
- (h) **Personal Accident Insurance :** Personal Accident Insurance Policy of an amount, the annual premium of which does not exceed Rs. 7,500/- (Rupees seven thousand five hundred only).
- (i) **Car and Telephone :** Free use of Company's Car for Company's work as well as for personal purposes along with driver and telephone at residence at Company's cost.
- (j) In addition to the above, he will also be entitled to the followings :
- (i) **Provident Fund :** Company's contribution towards Provident Fund as per Rules of the Company.
- (ii) **Pension/Superannuation Fund :** Company's contribution towards Pension/Superannuation Fund as per Rules of the Company.
- (iii) **Gratuity :** As per Rules of the Company, but not exceeding half a month's salary for each completed year of service.
- (iv) **Leave :** Leave with full pay and allowances (including encashment of unavailed earned leave thereof) as per Rules of the Company.
- (k) **Minimum Remuneration :**
- Notwithstanding the above, where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary and perquisites not exceeding the overall limit prescribed in Schedule XIII and other applicable provisions of the Companies Act, 1956, or any amendment thereof as minimum remuneration in addition to the amounts mentioned in Clause j(i), (ii) and (iii) and encashment of leave at the end of the tenure which shall not be included in the computation of the ceiling of remuneration.
- (l) The Managing Director will also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
- (m) The Managing Director shall also be paid sitting fees for attending the meetings of the Board of Directors or Committees thereof from the date of his appointment.
- (n) The Managing Director shall generally look after the management of the affairs of the Company subject to the overall superintendence, control and direction of the Board of Directors of the Company. The Directors may from time to time entrust to the Managing Director such of the powers exercisable by the Directors as they think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think proper.

The remuneration payable to Shri K. C. Mittal, Managing Director, requires the approval of the Company in General Meeting in terms of Part- II of Schedule



XIII of the Companies Act, 1956 and the remuneration so payable to him also requires the approval of the shareholders of the Company in the General Meeting under Section 309 of the Companies Act, 1956.

The Resolution set out in item No. 5(ii) of the convening Notice has to be considered accordingly and the Board recommends the same.

A copy of the draft agreement setting out the terms of appointment of Shri K.C. Mittal as Managing Director of the Company may be inspected by any member of the Company at the Registered Office between 10 AM. and 12 noon on any working day excluding Saturday and will also be available for inspection at the Meeting.

Shri K.C. Mittal is deemed to be concerned or interested in the Resolution which pertains to his appointment and payment of remuneration to him. Except Shri K.C. Mittal, none of the Directors of the Company is concerned or interested in the Resolution.

This may be regarded as an abstract of the terms of appointment of Shri K. C. Mittal, Managing Director, and Memorandum of interest under Section 302 of the Act.

- 5 (iii) The name of the Company was changed from "Birla Jute & Industries Ltd." to "Birla Corp Limited" with effect from 31st March, 1997. However, it has been considered desirable to change the name of the Company from "Birla Corp Limited" to "Birla Corporation Limited" as the word "Corporation" will establish the size, image and the conglomerate character of the Company. Your approval is, therefore, sought to the Special Resolution.

After the Special Resolution is passed, the Company will make an application to the Central Government for its approval to the proposed change of name. None of the Directors of the Company is concerned or interested in the Resolution.

- 5 (iv) The Resolution seeks to re-structure the Authorised Capital and amend the Capital Clause contained in the Company's Memorandum of Association. A copy of the Company's Memorandum and Articles of Association is open for inspection during business hours on any working day excluding Saturday. None of the Directors of the Company is concerned or interested in the Resolution.

- 5 (v) The Board of Directors considers that with a view to finance a part of funds required for expansion, modernisation schemes of the Company, including normal capital expenditure, working capital requirements and general corporate purposes it would become necessary to raise financial resources, at appropriate time(s) by issue of Preference Shares in the course of domestic/international offering, to such persons and in such manner, as stated in the resolution.

The Company, if necessary, in consultation with appropriate authorities and advisors, will fix at the relevant time, the detailed terms of the issue including the price of issue, rate of dividend, period of redemption.

The said resolution is an enabling resolution conferring authority on the Board to cover present and future contingencies and corporate requirements.

Section 81 of the Companies Act, 1956, provides, inter alia, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders in a general meeting decide otherwise.

The Listing Agreements with the Stock Exchanges provide, inter alia, that the Company in the first instance should offer all the shares and debentures to be issued for subscription pro rata to the equity shareholders unless the shareholders in a general meeting decide otherwise.

Accordingly, consent of the shareholders is being sought pursuant to the provisions of Sections 80, 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the four Stock Exchanges in India where the Company's Ordinary shares are listed.

The Board of Directors recommends the passing of the Resolution.

All the Directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to the securities that may be offered to them on rights basis or otherwise and applied for and allotted to them.

- 5 (vi) The Depositories Act, 1996 has amended some of the provisions of the Companies Act, 1956 and the Securities Contract (Regulations) Act, 1956 (hereinafter collectively referred to as the Acts) pertaining to issue, holding, transfer and dealing in shares and other securities as also issue of relevant certificates so as to facilitate the introduction and implementation of the Depository System. In order to bring the Articles of Association of the Company in line with the Acts, relevant Articles as contained in the Notice are being amended/added.

The Board of Directors recommends the passing of the Resolution.

None of the Directors of the Company is concerned or interested in the Resolution.

- 5 (vii) Buy back of own shares or other securities convertible into equity shares by the Companies is presently not allowed under the Companies Act, 1956. The Central Government is stipulating to lay down the operative provisions to regulate the buy back of shares/securities by Companies. Hence it is expected that, in due course of time, the law would be amended to allow such buy back.

The Articles of Association of the Company is proposed to be amended to enable the Company to buy back its own shares in the event it is permitted by law.

The Board of Directors recommends the passing of the Resolution.

None of the Directors of the Company is concerned or interested in the Resolution.

- 5 (viii) The Company is setting up a cement grinding unit based on fly ash with a grinding capacity of 3.60 lac M.T. per annum at an estimated project cost of Rs. 27 crores with a view to increase total cement production and also to take advantage of setting up a cement grinding unit on split location basis in the traditional marketing area of Eastern U.P. Fly ash will be available from Feroz Gandhi Unchahar Thermal Power Plant. Talavadi Cements Limited has taken number of initial steps for setting up the said unit, like acquisition of land, approvals for pollution control clearance, sanction of power etc. For better synergy in operation, it is therefore, considered desirable to acquire Talavadi Cements Ltd. by way of acquisition of its shares. Hence the proposed Resolution.

As the proposed investment in Talavadi Cements Ltd. will be in excess of 30% of the subscribed capital of the said Company, the approval of the shareholders in the General Meeting and of the Central Government is necessary to make these investments under the provisions of Section 372 of the Companies Act, 1956. These investments are in the interest of the Company and the Directors recommend the Resolution for acceptance.

None of the Directors of the Company is concerned or interested in the Resolution.

Registered Office : 'Birla Building',
9/1, R.N. Mukherjee Road, Calcutta-700 001
Dated, the 3rd August, 1998.

By Order of the Board,
Manoj Maheshwari
Secretary