



**BIRLA**  
**CORPORATION**  
**LIMITED**  
MP BIRLA GROUP





**Madhav Prasadji Birla**  
(1918-1990)

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



## NOTICE

### TO THE SHAREHOLDERS

**NOTICE** is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at 'Kala Kunj', 48, Shakespeare Sarani, Kolkata-700 017 on Thursday, the 28th August, 2003 at 4.00 P.M. to transact the following business : -

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Shri N.K. Kejriwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri Harsh V. Lodha who retires by rotation and being eligible, offers himself for re-appointment.
4. (i) To appoint Messrs. H. P. Khandelwal & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Meeting

until the conclusion of the next Annual General Meeting of the Company and authorise the Board of Directors to fix their remuneration.

- (ii) To appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants as Branch Auditors for the Company's Unit: Soorah Jute Mills to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company in place of Messrs. Price Waterhouse, who have informed that they do not offer themselves for re-appointment and authorise the Board of Directors to fix their remuneration.
- (iii) To appoint Messrs. Clark, Gardner, Wolf & Co., Chartered Accountants as Branch Auditors for the Company's Unit: Birla Vinoleum to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and authorise the Board of Directors to fix their remuneration.

Registered Office :  
'Birla Building'  
9/1, R.N. Mukherjee Road  
Kolkata-700 001  
Dated, the 24th April, 2003

By Order of the Board

**RAMESH KUMAR DAMANI**  
General Manager (Taxation)  
& Company Secretary

### NOTES :

- (1) 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 such 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 commencement of the Meeting.
- (2) Members/Proxies should bring the enclosed Attendance Slip duly filled in along with their copies of Annual Report for attending the Meeting.
- (3) The Register of Members and the Share Transfer Book of the Company will remain closed from 21.08.2003 to 28.08.2003 (both days inclusive).
- (4) Shareholders holding shares in physical form are requested to notify to the Company's Registrar and Share Transfer Agent, quoting their folio number, any change in their registered address with Pin code/mandate/bank details and in case their shares are held in dematerialised form, this information should be passed on to their respective Depository Participants.
- (5) Shareholders who have not so far encashed their Dividend Warrants for the accounting years ended 31st March, 1996, 1997, 1998 & 1999, may immediately approach the Company for revalidation of unclaimed Dividend Warrants.



Shareholders are hereby informed that pursuant to Section 205A(5) of the Companies Act, 1956, the Company is required to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('the Fund') established by the Central Government. In accordance with Section 205B of the Act, no claim shall lie against the Company or the Fund in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims. Accordingly, the money lying in the Unpaid Dividend Account for the year ended 31st March, 1996, will be transferred to the Fund within 30 days from 14th August, 2003.

- (6) Pursuant to Section 205A of the Companies Act, 1956 all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the Dividend Warrants upto 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, Kolkata- 700 020 by submitting an application in Form II.
- (7) As required under Clause 49 of the Listing Agreement given below are the details of the Directors who are retiring by rotation and are eligible for re-appointment :

**Shri N.K. Kejriwal**

Shri N.K. Kejriwal is a Business Merchant and on the Board of Directors of the Company since 3rd August, 1967. He holds a prominent position in the Jute and Tea Industries.

He is a Director in the following companies : Rungamatttee Tea & Industries Ltd., Mazbat Tea Estate Ltd., Jute & Stores Ltd., Alwar Investment Co. Ltd. and Birla Odessa Industries Pvt. Ltd.

He is also a Partner of Sampigekhan Estate 2.

**Shri Harsh V. Lodha**

Shri Harsh V. Lodha is a Chartered Accountant and on the Board of Directors of the Company since 23rd April, 1996. He is on the Board of several companies and as such, has considerable industrial, management and rich corporate experience.

He is a Partner of M/s. Lodha & Co., Chartered Accountants and on the Board of the following companies : Advance Business Services Ltd., Alfred Herbert (India) Ltd., Bihar Caustic & Chemicals Ltd., Birla-DLW Ltd., Central Business Services Ltd., City Consultants Ltd., Elco Consultants Ltd., Fenner (India) Ltd., Harsh Chemicals Ltd., HGI Industries Ltd., Jindal Steel & Power Ltd., Manoraj Investment Ltd., OCL (India) Ltd., Sicpa India Ltd., Swiss India Financial Services Co. Ltd., Shree Guru Carbide & Chemicals Pvt. Ltd., Thai Carbon Black Public Co. Ltd., TI Diamond Chain Ltd. and Universal Cables Ltd.

He is a Committee Member of Federation of Indian Chamber of Commerce & Industry (FICCI) and Indian Chamber of Commerce.

He is also a Member of the Audit Committees of Bihar Caustic & Chemicals Ltd., Fenner India Ltd., Jindal Steel & Power Ltd., TI Diamond Chain Ltd. and Universal Cables Ltd. and is the Chairman of the Audit Committees of OCL (India) Ltd. and Sicpa India Ltd.

By Order of the Board

**RAMESH KUMAR DAMANI**  
General Manager (Taxation)  
& Company Secretary



## BOARD OF DIRECTORS

Smt. Priyamvada Birla  
Chairman

Shri R. S. Lodha  
Co-Chairman

Shri N. K. Kejriwal

Smt. Nandini Nopany

Shri Harsh V. Lodha

Shri Arnab Basu  
(Nominee of ICICI Bank Ltd.)

Dr. Dharmendra Bhandari  
(Nominee of Unit Trust of India)

Shri K. C. Mittal  
Managing Director

## AUDIT COMMITTEE

Shri Harsh V. Lodha  
Chairman

Shri N. K. Kejriwal

Shri Arnab Basu

## COMPANY SECRETARY

Shri Ramesh Kumar Damani

## 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  
Kolkata - 700 001

## SENIOR MANAGEMENT TEAM

### CORPORATE

Shri B. R. Nahar  
Executive President

Shri P. K. Chand  
Jt. President  
Finance, Accounts & MIS

Shri K. K. Sharma  
Jt. President  
Management Audit

### DIVISION HEADS

Shri D. Chanda  
President  
Birla Cement Works  
Chittor Cement Works

Shri P. S. Marwah  
President  
Satna Cement Works  
Birla Vikas Cement  
Cement Division, Raebareli  
Vindhyachal Steel Foundry

Dr. D. Ghosh  
Jt. President  
Durgapur Cement Works

Shri P. Chatterjee  
Jt. President  
Jute Division

Shri A. K. Dalmiya  
Sr. Vice-President  
Carbide, Vinoleum and  
Synthetics Divisions

Shri A. Kumar  
Vice-President  
Coordinator  
Auto Trim Division

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Smt. Priyamvada Birla  
Chairman



Shri R.S. Lodha  
Co-Chairman



Shri K. C. Mittal  
Managing Director

## DIRECTORS



Shri N. K. Kejriwal



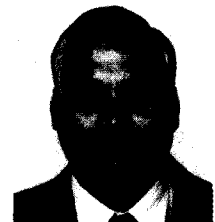
Smt. Nandini Nopany



Shri Harsh V. Lodha



Shri Arnab Basu



Dr. Dharmendra Bhandari





## FINANCIAL HIGHLIGHTS

(Rs. In Lacs)

	2002	2003	2001	2002	2000	2001	1999	2000	1998	1999	1997	1996	1995	1994	1993	1992
<b>OPERATING RESULTS</b>																
<b>Turnover</b>	<b>112420</b>	<b>112391</b>	<b>102130</b>	<b>101184</b>	<b>87330</b>	<b>97204</b>	<b>104706</b>	<b>67388</b>								
Surplus before Interest & Depreciation	7043	7065	6567	4632	3248	2416	8090	14620								
Interest	3157	3621	4371	5253	5341	4543	4493	2416								
<b>Surplus/(Deficit) after Interest but before Depreciation</b>	<b>3886</b>	<b>3444</b>	<b>2196</b>	<b>(621)</b>	<b>(2093)</b>	<b>(2127)</b>	<b>3597</b>	<b>12204</b>								
Depreciation	3220	3516	3507	3213	3263	3008	2859	2916								
Income/Wealth Tax	247	4	(40)	2	6	(23)	2	4246								
Net Profit	419	(76)	(1271)	(3836)	(5362)	(5112)	736	5042								
Dividend	—	—	—	—	339	397	611	764								
<b>Retained Earnings</b>	<b>3639</b>	<b>3440</b>	<b>2236</b>	<b>(623)</b>	<b>(2099)</b>	<b>(2104)</b>	<b>2984</b>	<b>7194</b>								
<b>ASSETS &amp; LIABILITIES</b>																
Fixed Assets :																
Gross Block	88909	86190	84515	82202	81386	78415	76109	54931								
Net Block	33490	33819	35253	36444	38917	39159	37871	28873								
Current & Other Assets and Investments	31978	31266	32953	30559	27644	30693	33632	19975								
<b>Total Assets</b>	<b>65468</b>	<b>65085</b>	<b>68206</b>	<b>67003</b>	<b>66561</b>	<b>69852</b>	<b>71503</b>	<b>48848</b>								
Represented by :																
Share Capital	7701	7701	7701	5501	3056	3056	3056	3056								
Reserves & Surplus	15738	15464	15558	14995	13598	19446	25595	21463								
<b>Net Worth</b>	<b>23439</b>	<b>23165</b>	<b>23259</b>	<b>20496</b>	<b>16654</b>	<b>22502</b>	<b>28651</b>	<b>24519</b>								
Borrowings	26487	26496	30778	31492	36831	35575	29932	14885								
Current Liabilities & Provisions	15543	15424	14169	15015	13076	11775	12920	9444								
<b>RATIOS</b>																
Earnings per Ordinary Share (Rs.)	0.54	(0.10)	(2.17)	(6.97)	(17.54)	(16.73)	2.41	16.50								
Cash Earnings per Ordinary Share (Rs.) (annualised)	4.73	4.47	4.05	(1.13)	(6.87)	(6.88)	11.77	26.03								
Net Worth per Ordinary Share (Rs.)	30.44	30.08	30.20*	37.26*	54.50	73.64	93.76	80.24								
Debt Equity Ratio (on long-term loans)	0.41:1	0.62:1	0.79:1	0.61:1	1.10:1	0.75:1	0.45:1	0.35:1								
Current Ratio	1.31	1.38	2.05	1.90	1.95	2.45	2.46	2.09								

\*On the increased Share Capital



## SOURCES AND APPLICATION OF FUNDS

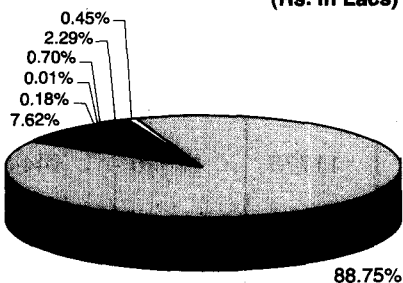
(Rs. in Lacs)

SOURCES OF FUNDS	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
1. Generation from operations —						
Surplus/(Deficit) after taxes	419	(76)	(1271)	(3836)	(5362)	(5112)
Depreciation	3220	3516	3507	3213	3263	3008
	<u>3639</u>	<u>3440</u>	<u>2236</u>	<u>(623)</u>	<u>(2099)</u>	<u>(2104)</u>
2. Borrowings (Net)	(9)	(4282)	(715)	(5339)	1256	5642
3. Reduction in Working Capital	832	8888	—	—	4469	2070
4. Increase in Share Capital	—	—	2200	2445	—	—
5. Share Premium	—	—	1980	5378	—	—
6. Deferred Tax	245	2	—	—	—	—
	<u>4707</u>	<u>8048</u>	<u>5701</u>	<u>1861</u>	<u>3626</u>	<u>5608</u>
<b>APPLICATIONS OF FUNDS</b>						
1. Fixed Assets	3037	2229	2462	886	3167	4937
2. Investments	1670	5819	1343	20	123	(1)
3. Increase in Working Capital	—	—	1896	616	—	—
4. Dividend	—	—	—	339	336	672
	<u>4707</u>	<u>8048</u>	<u>5701</u>	<u>1861</u>	<u>3626</u>	<u>5608</u>

Figures in brackets are negative

### Sales by Activities 2002-2003

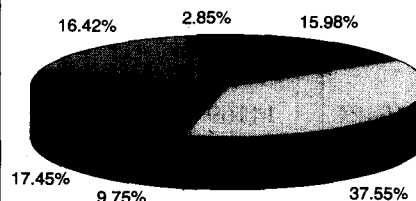
(Rs. in Lacs)



- Cement : 99777 (88.75 %)
- Jute Goods : 8565 (7.62 %)
- Synthetics & Cotton Yarn : 204 (0.18 %)
- Carbide & Gases : 7 (0.01 %)
- PVC Goods : 791 (0.70 %)
- Auto Trims : 2572 (2.29 %)
- VSF : 504 (0.45 %)

### Revenue Distribution 2002-2003

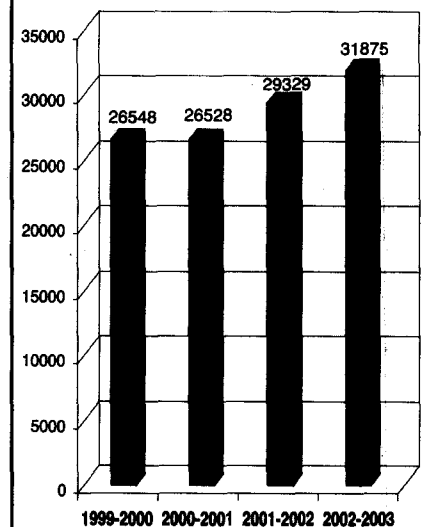
(Rs. in Lacs)



- Raw Materials : 17728 (15.98 %)
- Manufacturing Expenses : 41657 (37.55 %)
- Payments to & Provisions for Employees : 10818 (9.75 %)
- Selling, Administration & Other Expenses : 19361 (17.45 %)
- Excise Duty & Taxes : 18216 (16.42 %)
- Interest : 3157 (2.85 %)

### Contribution to National Exchequer for the year ended 2002-2003

(Rs. in Lacs)





## **DIRECTORS' REPORT**

### **To the Shareholders**

Your Directors have pleasure in presenting their Report together with the Audited Accounts of the Company for the year ended March 31, 2003.

	31st March, 2003		31st March, 2002	
Rs. in Crores				
<b>FINANCIAL RESULTS</b>				
Gross Sales		1124.20		1123.91
Gross profit before interest		70.42		70.65
Interest charge		31.56		36.21
Cash Profit		38.86		34.44
Provision for :				
i) Depreciation	32.20		35.16	
ii) Taxation (including Deferred tax)	2.47	34.67	.04	35.20
Surplus/(Deficit) after provisions		4.19		(.76)
Additions/(Deductions)				
i) Transfer from Debenture Redemption Reserve	12.50		2.50	
ii) Transfer from Investment Allowance Reserve	—		10.70	
iii) Balance Brought Forward from last year	12.44	24.94	—	13.20
Total Surplus carried to Balance Sheet		29.13		12.44



## DIVIDEND

In view of past losses and to conserve the cash resources of the Company, your Directors do not recommend any dividend for the year ended 31st March, 2003.

## GENERAL REVIEW

During the year, the Company recorded a turnover of Rs.1124.20 crores as against Rs.1123.91 crores in the previous year. Gross Profit before Interest at Rs.70.42 crores is at the same level as in the previous year. The Company's efforts towards improving the working capital management and restructuring of the debt profile helped in reducing the interest cost further to Rs.31.56 crores as compared to Rs.36.21 crores in the previous year. Cash Profits increased to Rs. 38.86 crores from Rs. 34.45 crores in the last year, an increase of 13%. The performance of the Company improved as a result of increased productivity, better logistic management and cost-control measures undertaken and vigorously pursued by the Company. A detailed discussion on the performance of each Division has been provided in the Management Discussion & Analysis Report attached hereto. \*

## EXPORTS

Total exports during the year decreased to Rs. 48.19 crores as compared to Rs.57.74 crores during 2001-02. The exports of cement to Nepal continued to suffer due to political and economic upheaval affecting the demand from the large projects there. The quantity exported to Nepal during the year was 1.63 lac tonnes as against 1.67 lac tonnes in the previous year. Export of cement to Bangladesh did not take place during the year in view of unremunerative prices prevailing there. Jute exports suffered during the year due to closure of Birla Jute Mills during the first-half of the year.

## CORPORATE MATTERS

The expansion project at Raebareli was completed during the year under review and as a result of such expansion, the installed capacity of cement grinding there has increased to 6.30 lac tonnes p.a. from 3.60 lac tonnes p.a. The total installed cement capacity of the Company has increased to 47.80 lac tonnes p.a.

Your Company launched the high quality fly-ash based cement, 'Birla Samrat Premium', at Satna during the year and the response of the market for the new product has been satisfactory.

During the year, with the consent of the Debentureholders, coupon rates of 15% and 15.50% Non-Convertible Debentures have been reduced to 13% p.a. Interest rate on certain high interest bearing term loans has also been reduced.

Voluntary Retirement Schemes were introduced at Durgapur Cement Works, Vindhyachal Steel Foundry and the Company's office in Kolkata during the year as a part of continued efforts to rationalise manpower and improve productivity and 56 employees availed of the Scheme. At the request of a section of the workmen at Birla Synthetics for separation benefit, the Company, considering the overall situation, offered the same and majority of the employees have taken separation.

## REPORT ON CORPORATE GOVERNANCE

A detailed report on Corporate Governance as required in Clause 49 of the Listing Agreement with Stock Exchanges is annexed to this Annual Report. The Compliance certificate obtained from the auditors of the Company is annexed to this report.

## AUDITORS' REPORT

The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

## RECOGNITIONS & AWARDS

During the year the Chittorgarh Unit was awarded ISO 14001 and ISO 9001:2000 by BIS and BVQI, U.K., respectively. It also received 'Lal Bahadur Shastri Memorial National Award' for 2002 for excellent pollution control implementation. The Satna Unit was awarded first prize for 'Afforestation' and 'Noise, Vibration & Aesthetic Beauty' and also the first prize for overall performance at Mines Environment & Mineral Conservation Week 2002-03 and Mines Safety Week 2002-03.

## SOCIAL OBLIGATIONS & ENVIRONMENT

As a part of fulfilling its social obligations, the Company continued to contribute to various social activities and projects for the welfare and uplift of villagers in the areas around the factories. The Company is supporting various educational and medical institutions for the welfare of the employees as well as public of the vicinity.

## JOINT VENTURES

### Birla-DLW Ltd.

The Company's operations remained suspended for the best part of first-half of the financial year 2002-03 due to interruption in supply of vital inputs like Lino Hessian, Power, Steam etc. from Birla Jute Mills/Birlapur Services Division which adversely reflected in the Company's profitability.

The Company's main overseas markets in Europe also remained dormant after the attack on World Trade Centre in the U.S.A. and are yet to regain normalcy.

During the year, the Company has developed new product lines, 'Desktop' and 'Bulletin Board', which have received encouraging response and could open up new business areas.

## SUBSIDIARY COMPANIES

Particulars relating to the subsidiary companies, as required under Section 212 of the Companies Act, 1956, are annexed to the Balance Sheet of the Company.