

KNOWLEDGE MANAGEMENT



106<sup>th</sup> Annual Report and Accounts 2002 - 2003





Shri B. K. Birla - Chairman

**DIRECTORS :** (As on 02.05.2003)

<b>Shri B. K. Birla,</b>	<i>Chairman</i>
<b>Shri Pradip Kumar Daga</b>	
<b>Shri S. K. Birla</b>	
<b>Shri E. B. Desai</b>	
<b>Shri Arvind C. Dalal</b>	
<b>Shri C. K. Birla</b>	
<b>Shri H. Narayanan</b>	<i>(LIC Representative)</i>
<b>Smt. Priyamvada Birla</b>	
<b>Shri K. X. M. John</b>	<i>(IDBI Nominee)</i>
<b>Shri Raghu Palat</b>	<i>(UTI Nominee)</i>
<b>Shri B. L. Jain</b>	<i>(Whole-time Director)</i>

**ADVISER :**

<b>Shri D. P. Mandella</b>
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**EXECUTIVES :** (As on 02.05.2003)**TEXTILE MILLS, CENTURY YARN AND CENTURY DENIM**

<b>Shri R.K. Dalmia</b>	President
<b>Shri D.K. Agrawal</b>	Executive President (Corporate Finance) & Secretary
<b>Shri I.C. Surana</b>	Joint President (Finance)
<b>Shri P.M. Nevatia</b>	Joint President (Works)
<b>Shri U.C. Garg</b>	Joint President (Purchase & Projects)
<b>Shri R.C. Panwar</b>	Vice President (Marketing)
<b>Shri S.R. Makharia</b>	Vice President (Production)
<b>Shri R.C. Gupta</b>	Vice President (Century Yarn & Denim)

**CENTURY RAYON**

<b>Shri L.S. Mehta</b>	President
<b>Shri D.V. Singh</b>	Joint President (Personnel & Administration)
<b>Shri M.C. Mehta</b>	Joint President (Technical & Marketing)
<b>Shri O.R. Chitlange</b>	Joint President (Finance) (Rayon & Shipping)
<b>Shri A.K. Taori</b>	Senior Vice President (Marketing)
<b>Shri R. Lalwani</b>	Senior Vice President (Commercial)
<b>Shri S.M. Sanklecha</b>	Vice President (Purchase)
<b>Shri H.G. Uttamchandani</b>	Vice President (Development & Engineering)
<b>Shri S. M. Bandekar</b>	Vice President (Rayon Plant)
<b>Shri R. K. Tandon</b>	Vice President (Delhi Office)

**CENTURY, MAIHAR AND MANIKGARH CEMENTS**

<b>Shri B.L. Jain</b>	Senior President
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**CENTURY CEMENT**

<b>Shri B.L. Kedia</b>	Executive President (Plant)
<b>Shri S.K. Jain</b>	Joint President (Finance)
<b>Shri M.C. Gupta</b>	Joint President (Process & Quality Control)
<b>Shri P.C. Jain</b>	Senior Vice President (Mines)
<b>Shri S.L. Agarwal</b>	Senior Vice President (Commercial)
<b>Shri Alok Patni</b>	Vice President (Mech.)
<b>Shri S.K. Sultania</b>	Vice President (Marketing)

**MAIHAR CEMENT UNITS I & II**

<b>Shri Kamal Kishore</b>	Executive President (Co-ordination)
<b>Shri C.S. Jain</b>	Joint President (Marketing)
<b>Shri V.K. Bhandari</b>	Joint President (Commercial)
<b>Shri B.L. Agarwal</b>	Senior Vice President (Electrical)
<b>Shri M.P. Rai</b>	Senior Vice President (Plant)
<b>Shri N.M. Singhvi</b>	Vice President (Commercial)

**UNIT II**

<b>Shri B.P. Jain</b>	Executive President (Plant)
<b>Shri M.K. Sethi</b>	Joint President (Mines)
<b>Shri Sharad Jain</b>	Joint President (Process & Quality Control)
<b>Shri R.S. Doshi</b>	Senior Vice President (Finance)
<b>Shri Rakesh Sharma</b>	Vice President (Personnel & Administration)
<b>Shri P.M. Intodia</b>	Vice President (Marketing)

**MANIKGARH CEMENT**

<b>Shri S.S. Sharma</b>	Executive President (Co-ordination)
<b>Shri P.C. Nalwaya</b>	Joint President (Marketing)
<b>Shri P.S. Bakshi</b>	Joint President (Plant)
<b>Shri S.K. Mandelia</b>	Senior Vice President (Commercial & Administration)
<b>Shri G.R. Tibrewala</b>	Senior Vice President (Mines)
<b>Shri N.B. Singh</b>	Senior Vice President (Process & Quality Control)
<b>Shri P. R. Sundaresan</b>	Vice President (Electrical)
<b>Shri A. D. Karwa</b>	Vice President (Commercial)

**CENTURY SHIPPING**

<b>Shri S.K. Sood</b>	Executive President
<b>Shri B.B. Agarwal</b>	Vice President (Commercial)
<b>Shri V.K. Bemby</b>	Vice President (Technical)

**CENTURY PULP & PAPER**

<b>Shri R.L. Lakhotia</b>	President
<b>Shri J. K. Mandelia</b>	Senior Vice President (Works)
<b>Shri S. H. Chomal</b>	Vice President (Raw Material)

**CENRAY MINERALS AND CHEMICALS**

<b>Shri M.M. Sand</b>	Vice President (Salt Works)
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**AUDITORS****DALAL & SHAH, MUMBAI****SOLICITORS****MULLA & MULLA AND CRAIGIE, BLUNT & CAROE, MUMBAI**


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**REGISTERED OFFICE : CENTURY BHAVAN, DR. ANNIE BESANT ROAD, MUMBAI - 400 025.**

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**NOTICE OF MEETING****REGISTERED OFFICE :** CENTURY BHAVAN, DR. ANNIE BESANT ROAD, WORLI, MUMBAI 400 025.

**NOTICE** is hereby given that the 106th Annual General Meeting of the Shareholders of the Company will be held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020 on Tuesday, the 5th August, 2003 at 3.30 p.m. to transact with or without modifications as may be permissible, the following business :

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2003.
2. To declare dividend on Equity Shares for the year ended 31st March, 2003.
3. To appoint a Director in place of Shri B.K. Birla who retires from office by rotation, but being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri P.K. Daga who retires from office by rotation, but being eligible, offers himself for re-election.
5. To appoint a Director in place of Shri E.B. Desai who retires from office by rotation, but being eligible, offers himself for re-election.
6. To appoint 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 to fix their remuneration.
7. To consider and, if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution.

"RESOLVED that pursuant to the provisions of Section 258 and all other applicable provisions, if any, of the Companies Act, 1956, the number of the existing Directors of the Company for the time being in office be reduced from 12 to 11."

8. To consider and, if thought fit, to pass the following Resolution which will be proposed as a Special Resolution.

"RESOLVED THAT subject to the provisions of the applicable laws, guidelines, Rules and Regulation and subject to such approvals as may be required from the Stock Exchanges with which the securities of the Company are listed and/or any other relevant authority, the approval of the Company be and is hereby accorded to the delisting of the shares of the Company from any one or more of the Stock Exchanges where the Company's shares are presently listed, and in particular, from Ahmedabad, Delhi and Calcutta Stock Exchanges at such time as the Board of Directors (which term shall be deemed to include a Committee of the Board or any other person authorised by the Board) may, in their absolute discretion, consider appropriate and on the terms and conditions as may be stipulated and mutually agreed to in the best interest of the Company, after taking into account various factors such as but not limited to the incidence, impact or burden of the cost of listing fee payable to Stock Exchange(s) and volume of trading on the relevant Stock Exchange(s).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, appropriate or desirable and execute all such applications, documents and writings as it may consider necessary or proper for giving effect to this Resolution."

9. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and are hereby amended as follows:

- (a) The following new Article 86A be inserted after the existing Article 86.

**86A. Postal Ballot**

In the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, the Company shall get such resolution passed by means of a postal ballot and/or through electronic media instead of transacting the business at a General Meeting of the Company. Where the Company is required to or decides as the case may be, to get a resolution passed by means of a postal ballot, the provisions of Section 192A of the Act and other incidental Rules, Regulations framed and modifications thereunder from time to time shall be complied with.

- (b) The existing Article No. 116 be deleted."

**NOTES FOR MEMBERS' ATTENTION**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (b) The Registers of Members and Transfer Books in respect of the Equity Shares of the Company will remain closed from Friday, the 18th July, 2003 to Tuesday, the 5th August, 2003 both days inclusive.
- (c) Dividend on Equity Shares when sanctioned will be made payable on or after Monday, the 11th August, 2003 to those Shareholders whose names stand on the Company's Register of Members on Tuesday, the 5th August, 2003 and to whom dividend warrants will be posted. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership position as at the end of the day on Thursday, the 17th July, 2003 as per data to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
- (d) 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.

Those shareholders who have so far not claimed or collected their dividend for the said period may claim their dividend directly from the Registrar of Companies, Maharashtra, by submitting an application in the prescribed form.

- (e) Members are hereby informed that dividends which remain unclaimed/unencashed over a period of 7 years have to be transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Section 205(A) & 205(C) of the Companies Act, 1956.

The following are the details of dividends paid by the company and their respective due dates of transfer to such Fund of the Central Government, which remain unpaid.

Date of declaration of dividend	Dividend for the year	Due date of transfer to the Government
16th July, 1996	1995-1996	26th August, 2003
22nd July, 1997	1996-1997	1st September, 2004
8th September, 1998	1997-1998	19th October, 2005
23rd August, 1999	1998-1999	3rd October, 2006
9th August, 2000	1999-2000	19th September, 2007
10th July, 2001	2000-2001	8th August, 2008
4th July, 2002	2001-2002	2nd August, 2009

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends which have been transferred to the credit of the Investor Education & Protection Fund of the Central Government under the provisions of Section 205(B) of the Companies Act, 1956.

In view of the above, the Shareholders are advised to send all the unencashed dividend warrants to the **Registered Office of the Company** for revalidation and encash them before the due date for transfer to the Central Government.

- (f) Members are hereby informed that the Company has appointed MCS Limited, Sri Venkatesh Bhavan, Plot No.27, Road No.11, MIDC Area, Andheri (East), Mumbai 400 093, Telephone No. 022-2821 5235, Fax No. 022-2835 0456 as its Share Transfer Agent for both physical and demat segment of Equity Shares with effect from 28th March, 2003.

Hence, members are requested to send all their documents and communication pertaining to shares to MCS Limited at the address given above. Please quote on all the correspondence- Unit- Century Textiles and Industries Limited.

- (g) Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to MCS Limited, Share Transfer Agent of the Company for their doing the needful.
- (h) Members are requested to notify change in address, if any, immediately to MCS Limited, Share Transfer Agent of the Company, quoting their folio numbers.
- (i) It is observed that many members have still not surrendered their old Share Certificates for Equity Shares of Rs.100/- each for exchange with the new Share Certificates for Equity Shares of Rs.10/- each. They are once again requested to surrender the Share Certificates for Equity Shares of Rs.100/- each at the **Registered Office of the Company** so as to enable the Company to do the needful.

## ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956

### Item No.7

On account of the withdrawal of Nomination of Shri P.H. Ravikumar from the Board of the Company by ICICI Bank Ltd. with effect from 16.4.2003 and as the vacancy is not proposed to be filled up for the time being, the number of Directors now in office stands reduced from 12 to 11. The Specific Resolution as in Item No.7 though not strictly necessary is being proposed to be passed in view of the provisions of Section 258 of the Companies Act, 1956, by way of abundant caution.

### Item No.8

As the members are aware the Company's shares are presently listed on several Stock Exchanges namely, Ahmedabad, Kolkata, Delhi and Mumbai. Shares are also traded at National Stock Exchange and an application has already been made for listing of Company's equity shares at the said Exchange.

Consequent to the recent rapid changes in the Capital Market and since a substantial volume of trading is carried on through the Mumbai and National Stock Exchanges, the trading volumes at other Stock Exchanges and in particular, on the Ahmedabad, Calcutta and Delhi Stock Exchanges are gradually getting reduced to a substantial extent. No particular benefit is available to the shareholders of the Company by continuing the listing of the shares on these Stock Exchanges and incurring expenditure thereof. In view of thin trading volumes at these Stock Exchanges, the Company is contemplating the possibility of delisting of its shares from Ahmedabad, Calcutta and Delhi Stock Exchanges. It is accordingly proposed to give the authority to the Directors to delist the shares of the Company from the aforesaid Stock Exchanges.

The Directors holding shares of the Company may be concerned or interested in the resolution.

### Item No.9

The Companies (Amendment) Act, 2000 has introduced the postal ballot system giving shareholders a right to cast their vote by postal ballot including through the electronic media in respect of such business as is notified from time to time by the Central Government to be passed through postal ballot. To facilitate the same, a new Article 86A is proposed to be included in the Articles of Association of the Company. Further, it is proposed to do away with the requirement of qualification shares to be held by the Directors and accordingly Article 116 of the Articles of Association is also proposed to be deleted.

The Directors accordingly recommend the resolution mentioned in this item of the Notice for approval of the Shareholders.

None of the Directors of the Company is, in any way, concerned or interested in this resolution except as may be to the extent of the shares held by them in the Company.

By Order of the Board,

Mumbai,  
Dated : 2nd May, 2003

**D.K. AGRAWAL**  
Secretary

By Order of the Board,

Mumbai,  
Dated: 2<sup>nd</sup> May, 2003

**D.K. AGRAWAL**  
Secretary

## DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 106th Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March, 2003. The summarised financial results are given below. The profit during the year, after providing for interest, has shown satisfactory improvement as compared to the previous year.

### 1. SUMMARISED FINANCIAL RESULTS:

	<b>2002-03</b>	<b>2001-02</b>
	(Rs. in crore)	
Net Sales	<b>2207.37</b>	2197.01
Profit after interest	<b>223.69</b>	159.01
Depreciation	<b>- 133.06</b>	- 140.42
Net adjustments in respect of earlier years	<b>- 13.42</b>	- 15.42
Provision for Taxation	<b>- 7.04</b>	- 0.60
Deferred Tax Credit	<b>--</b>	+9.15
Net Profit	<b>70.17</b>	11.72

The performance of each business segment of the Company has been comprehensively covered in the Management's Discussion and Analysis Report based on the reports of the Wholtime Director of the Company and Presidents of each unit and the same forms part of this Directors' Report.

### 2. DIVIDEND:

The Board of Directors has recommended dividend @ 17.50% (Seventeen and half percent) on Paid up Equity Share Capital of the Company for the year ended 31.03.2003 as against 15% (fifteen percent) paid in the previous year on Equity Shares of Rs.10/- each and the same will be paid when declared by the Shareholders in accordance with the law.

As per proposed Finance Bill 2003-04, the dividend when received by the Shareholders will be free of tax in their hands and the Company will pay dividend distribution tax @ 12.50% plus applicable surcharge on the dividend amount. Necessary provisions of Rs.16.28 crore for dividend and Rs.2.09 crore for tax (including surcharge) have been made.

### 3. DEFERRED TAX:

During the year under review, the Hon'ble Bombay High Court vide its order dated 16.01.2003, has allowed the Company to utilise the Securities Premium Account shown under the head "Reserves and Surplus" towards meeting the liability of Deferred Tax provided and/or to be provided as per the Accounting Standard on 'accounting for taxes on income' (AS-22) prescribed by the Institute of Chartered Accountants of India. Accordingly, the Securities Premium Account has been utilised towards debit on account of net deferred tax impact amounting to Rs.23.79 crore for the year under review in terms of the said order. Further, the Company has also, during the year, utilised and transferred an amount of Rs.154.35 crore from Securities Premium Account to General Reserve, being the net deferred tax liability as at 1<sup>st</sup> April, 2001 debited to General Reserve in the financial year 2001-2002.

### 4. EXPORTS:

Due to continuing demand recession and global economic slow down, we have made a planned reduction in production at our Textile Mill and have focussed more on sales in domestic market.

However, the total exports of the Company as a whole amounted to Rs. 419 crore which represents about 19 percent of the Net Sales.

### 5. FLORICULTURE ACTIVITIES:

During the year under review, in addition to regular exports to Europe, the Company has effected increased supplies to Japan, Australia and New Zealand markets.

There has been further improvement in the working of this Unit due to increased production of Roses, Carnation and Gerbera.

Agricultural & Processed Food Products Export Development Authority, Government of India has issued a Certificate of Recognition for export to five units in India. Our unit is one of them.

### 6. SHIPPING DIVISION:

The Company has already decided to dispose off the existing fleet of two ships during the current financial year and close down this Division. Efforts to dispose off the same at the best available price are in progress.

### 7. EXPANSION & MODERNISATION:

#### a) Textiles including Rayon (VFY)

##### i) Textile Mill

Recently, the Mahanagar Gas has started supplying piped natural gas for generating power & steam. As a part of cost reduction exercise, we have decided to install, subject to permission from Government of Maharashtra, necessary plants for co-generation of 6 M.W. power & steam which is expected to be operative by December, 2004.

##### ii) Century Yarn and Century Denim

In order to reduce high power cost of the grid, we have decided to install one Thermal Power plant of upto 10 M.W. capacity at the existing plant site. The same is expected to be operative by December, 2004.

##### iii) Continuous Spinning machines for VFY

The capacity of manufacturing Continuous Spun Yarn (CSY) is being raised by about 3 tonnes per day depending on denier combination and the required machinery for this purpose is being imported from Germany. The increased production should be available during the first half of 2004.

#### b) Cement

i) Manufacturing capacity of Century and Maihar Cement units is being increased by about 8 Lac Tonnes by close circuiting of Cement mills and installation of pre-grinder. Increased capacity is expected to be commissioned by first half of 2004.

ii) Order for 10 MW Turbine has been placed for Manikgarh Cement unit for increasing captive power generation capacity. Old Turbine of 5



MW is proposed to be discarded after commissioning of the new Turbine. This additional capacity is likely to be commissioned by December, 2004.

**c) Pulp & Paper**

Initiatives to reduce cost of fuel are being taken by installing a multi fuel boiler and other machineries for technical upgradation of the plant which are expected to be completed by the end of calendar year 2004.

**d) Capital Expenditure**

The total capital expenditure of the Company on all the above projects is estimated to be Rs. 165 crore.

**e) Modernisation**

Thrust on modernisation and technological upgradation programme continues, to face competition and ensure better quality of our products.

**8. CORPORATE GOVERNANCE:**

A separate report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

**9. GENERAL - SPORTS, WELFARE ACTIVITIES AND AWARDS:**

The Company's various Divisions continue their march in bagging various awards as per the details below.

**a) Textile Division:**

- i) In the 43<sup>rd</sup> Annual Vegetable, Fruits and Flower show held in February, 2003 organised by "National Society of the Friends of the Trees," the Division has won Championship Trophy of the Governor of Maharashtra and has also won 100 First Prizes.
- ii) In the Exhibition of Fruits, Vegetables and Flowers held in February, 2003 organised by the Municipal Corporation of Greater Mumbai, the Division has won 18 First Prizes.

**b) Rayon, Tyre Cord & Chemicals Divisions:**

- i) One of our Veteran Athletes has been selected for national championship to be held at Imphal to lead Maharashtra State Athletic Team as its Manager.
- ii) Three players of our volley ball team have been selected to participate in State championship tournament to be held at Nagpur.

**c) Cement Divisions:**

- i) Century Cement has received National Mineral Development Corporation (NMDC) Social Awareness Award for the year 2001-02 for promoting socio-economic development in and around the mining areas from the Federation of Indian Mineral Industries (FIMI).

- ii) Century Cement Mines has received the first prize in safety awards for Health Safety & Welfare Amenities and Environment Management & Pollution control during the Mines Safety Week 2002-03 from the Director General, Mines Safety, Bilaspur Region. It has also received the first prize for Reclamation and Rehabilitation, Waste Dump Management, Publicity and Propaganda, and Exhibition Stall during the Mines Environment and Mineral Conservation Week 2002-03, from the Indian Bureau of Mines, Nagpur Region (Chhattisgarh State).

- iii) Maihar Cement Mines has bagged the first prize in overall performance, machinery maintenance and standard of working during the Metalliferous Mines Safety Week 2002-03 of Jabalpur Region. It has also bagged first prize in Waste Dump Management during celebration of Mines Environment and Mineral Conservation Week 2002-03 from the Indian Bureau of Mines, Jabalpur Region.

- iv) Manikgarh Cement Mines has bagged first prize in Reclamation & Rehabilitation, Noise Vibration & Aesthetic Beauty during the Mines Environment and Mineral Conservation Week 2002-03, Nagpur region (Madhya Pradesh & Maharashtra). It has also bagged the first prize in Open Cast Workings and Plant & Machinery during Mines Safety Week 2002-03, Nagpur Region.

- v) Three students from our school at Century Cement secured places in the merit list of District at secondary school level.

- vi) Ten students from our school at Maihar Cement were selected for President and Governor Awards for Scouts/Guides during the academic session 2002-03.

**d) Pulp & Paper Division:**

- i) The unit was awarded "IPMA Award for Energy Conservation" 2001-02 (Large Mill Category) by Indian Paper Manufacturers Association.
- ii) Unit's Ekta Quality Circle secured "Best of Manufacturing support" Award in the Kanpur Chapter Quality Circle Conference 2002 for their presentation during August, 2002. It also secured the "Meritorious Award" for presentation in the "International Convention on Quality Control Circles" held in Lucknow during December, 2002.

**10. ENVIRONMENT AND POLLUTION CONTROL:**

All manufacturing facilities possess required environmental clearances from respective Pollution Control Boards and the same are in compliance with the present environmental legislation. As an integral part of Company's environment protection drive, the Company ensures minimum quantity of waste generation, low emission levels and low noise pollution levels during plant operation.

**11. INSURANCE:**

Adequate Insurance cover has been taken for the properties of the Company including Buildings, Plant & Machineries, Stocks and Ships.

**12. DIRECTORS:**

Under Article 130 of the Articles of Association of the Company, Shri B.K. Birla, Shri P.K. Daga and Shri E.B. Desai retire by rotation and being eligible, offer themselves for re-election.

Unit Trust of India (UTI) has withdrawn the nomination of Shri A.P. Kurian with effect from 12.12.2002 and Shri Raghu Palat has been appointed as a Nominee Director of UTI with effect from 28.01.2003 on the Board of the Company in terms of Article 112A of the Articles of Association of the Company. ICICI Bank Ltd. also withdrew the nomination of Shri P.H. Ravikumar as its Nominee Director on the Board of the Company with effect from 16.04.2003.

**13. AUDITORS:**

The retiring Auditors, M/s. Dalal & Shah, Chartered Accountants, are eligible for re-appointment and have indicated their willingness to act as such. In terms of Section 224A of the Companies Act, 1956, their appointment needs to be confirmed and their remuneration has to be fixed.

**14. AUDITORS' REPORT:**

The notes to the Accounts bearing numbers 11, 25(a), 25(b), 25(c) and 27 referred to in the Auditors' Report and paras in italics in the Auditors' Report are self explanatory and do not call for any specific response under Section 217(3) of the Companies Act, 1956.

**15. COST AUDITORS:**

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct cost audits relating to several products manufactured by the Company.

**16. DIRECTORS' RESPONSIBILITY STATEMENT:**

On the basis of compliance certificates received from the concerned Executives of the respective Divisions of the Company and subject to disclosures in the Annual accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, we state:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures wherever applicable;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) 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 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;

- iv) that the Directors have prepared the annual accounts on a going concern basis.

**17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:****i) Cement Divisions:**

In the fifth State level Fuller Energy Awards - 2002 for energy conservation in the State of Madhya Pradesh and Chhattisgarh, Maihar Unit II and Unit I bagged the first and second prize respectively, amongst modern plants using VRM technology, for the lowest electrical energy (kwh) consumption per tonne of clinker and cement produced during 2001-02. Maihar has been getting first prize for lowest electrical energy consumption per tonne of clinker and cement since last three years.

**ii) General:**

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'A' and the same forms part of this Report.

**18. PARTICULARS OF EMPLOYEES:**

Details of remuneration paid to employees, as required by Section 217(2A) of the Companies Act, 1956, are set out in a separate statement attached hereto and marked Annexure 'B' and the same forms part of this Report.

**19. CASH FLOW ANALYSIS:**

In conformity with the provisions of clause 32 of the Listing Agreement/(s) the Cash Flow Statement for the year ended 31.3.2003 is annexed hereto.

**20. APPRECIATION:**

The Company places on record its deep appreciation for the devoted services of the loyal workers, executives and other staff of the Company who have contributed in no small measure to the improved performance and the Company's inherent strength. Grateful thanks are also due to various State Governments, the investors, the banking circles, financial institutions and district level authorities for their continued support extended to the Company from time to time. Shareholders' appreciation of the managements' efforts at the General Meetings of the Company is also a great fillip to strive for better performance year after year.

Registered Office:

Century Bhavan,  
Dr. Annie Besant Road,  
Mumbai - 400 025

On behalf of the Board,

**B.K. BIRLA**

Chairman

Dated: 2<sup>nd</sup> May, 2003



## ANNEXURE 'A' TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### A. CONSERVATION OF ENERGY:

#### (1) Energy Conservation Measures Taken Textile / Yarn / Denim Divisions

- \* Use of PNG in Boilers after conversion.
- \* High efficiency motors on Ring Frame.
- \* Upgrading of compressed air system to reduce energy consumption.

#### Rayon, Tyre Cord & Chemicals Divisions

- \* Installation of low speed & energy efficient gear boxes on Simplexes in Rayon Viscose.
- \* Installation of Automatic Temperature Controller in Calcination unit to reduce Kerosene consumption.
- \* Turbo pump in place of electrically operated pump.

#### Cement Divisions

- \* Cooler modification by MFR system at Century and Maihar Cements.
- \* Installation of Tertiary crusher at Century Cement for lime stone crushing for Power saving and increase in Raw Mill output.
- \* Installation of Drying Chamber and Hot Air Generator in Cement Mills for power saving in PPC/PSC grinding in all the units.
- \* Installation of Dynamic separator in coal mill at Century Cement and Maihar Cement in place of static grit separator for Power saving and better residue control.
- \* Installation of VVVF Drives and Slip Power Recovery System (SPRS) for power saving in all the units.
- \* Replacement of old process fans with high efficiency fans.
- \* Fuzzy logic control system to cement mills.

#### Pulp & Paper Division

- \* Installation of Variable Frequency Drives.
- \* Vapour phase prehydrolysis started for Rayon grade pulp.

#### (2) Additional investments and proposals, if any, being implemented for reduction in consumption of energy.

- \* Installation of Variable Frequency Drives.
- \* Installation of high pressure Vapour Absorption Machine for reduction in steam per refrigeration ton.
- \* Modification in 60 TPD Acid plant for augmentation of acid production and steam.
- \* Use of HP steam ejectors in place of LP steam ejectors.

- \* Modification of coal feeding system and installation of dynamic separator.
- \* Installation of fuzzy logic control system to cement mills.
- \* Close circuiting of cement mills.
- \* Installation of pre grinder for cement mills

#### (3) Impact of measures at (1) & (2) for reduction of energy consumption and consequent impact on the cost of production of goods.

- \* Energy saving.
- \* Increase in productivity.

#### (4) Total energy consumption and energy consumption per unit of production as per Form 'A' of the Annexure in respect of industries specified in the Schedule thereto.

As per Form 'A' attached.

### B. TECHNOLOGY ABSORPTION:

#### Research and Development

1. Specific areas in which R & D has been carried out by the Company :
  - \* Improvement of product quality and process efficiency.
  - \* Increase in the production of Pozzolana Portland Cement (PPC) by increased use of Fly Ash.
  - \* Veneer chips introduced in WPP & RGP as supplementary raw material.
  - \* Sarkanda introduced in Bagasse street as supplementary raw material.
  - \* Alkaline sizing with AKD introduced in WPP street for better paper quality.
  - \* Development of High tint paper for Domestic & Export market as per market requirement.
2. Benefits derived as a result of the above R & D :
  - \* Improvement in product quality.
  - \* Cost economy and plant efficiency.
  - \* Conservation of Water, Mineral and Electric Power/ Fuel.
  - \* Development of new market segment.
3. Future Plan of Action :
  - \* Further improvement in the Quality of products and processes.
  - \* Process modification or substitution to improve the quality of treated effluent.
  - \* Exploration of avenues for continuous cost reduction measures.
  - \* Development of value-added products.

- \* Technical upgradation of Pollution Control facilities.
- \* Development of value added paper viz. Multi purpose office paper.
- \* Development of new market segment.

## 4. Expenditure on R &amp; D

	(Rs. in Crore)
(a) Capital	0.02
(b) Recurring (including contribution)	3.18
(c) Total	3.20
(d) Total R&D expenditure as a percentage of total turnover	0.13

**Technology absorption, adaptation and Innovation**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :

**Textile Division**

- \* Modification in method of application of fluorescent optical brightening agent.

**Rayon, Tyre Cord & Chemicals Divisions**

- \* Installation of vapour Absorption Machine in Rayon plant.
- \* High pressure washing for simplexes to eliminate xanthate loss in Rayon Viscose.
- \* Automatic weighing and stitching of Sodium Sulphate bags in Rayon and Tyrecord Divisions.
- \* Automatic taping & strapping of cartons in Rayon Packing Dept.
- \* Development of indigenous Bipolar element for Caustic Soda Plant.

**Cement Divisions**

- \* Wagon Loading Machines have been installed at Packing Plant of all the units.
- \* Installation of Dryer/Hot Air Generator for better output of blended cements.

**Pulp & Paper Division**

- \* Radar Screen installed in series to minimize waste.
- \* Standby primary pressure screen installed and commissioned in Bagasse pulp mill to improve productivity.
- \* Wet pith dewatering system is being installed to make it suitable for incineration in boilers.
- \* A new hydropulper (40 MT/day) has been installed and commissioned at Bagasse stock preparation.

2. Benefits derived as a result of the above efforts :

**Textile Division**

- \* Meeting specific expectations of garment manufacturing clients.

**Rayon, Tyre Cord & Chemicals Divisions**

- \* Productivity improvement and energy conservation.

**Cement Divisions**

- \* Improved productivity and cost reduction.

- \* Efficient and economic handling of packed cement bags.

- \* Increase use of Fly Ash/Blast Furnace Slag.

**Pulp and Paper Division**

- \* Reduction in wastage.
- \* Improvement in quality of Pulp & Paper.
- \* Saving in RFO consumption.

3. Information regarding technology imported during the last 5 years :

- \* Continuous Spun Yarn Spinning Machines.
- \* DG Power Generation.
- \* Flex Link Conveyor from "Flex Link Systems".
- \* Screw Chillers.
- \* Pillard burner for kiln firing.
- \* CCTV Camera for Kiln and Cooler.
- \* Cross Belt Analyzer

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

1. Activities relating to exports, initiatives taken to increase exports, developments of new export markets for products and services, and export plans.

- Textile exports continued to be adversely affected because of ongoing demand recession in foreign countries particularly in USA where signs of recovery are not visible.
- Overall performance in export market of Viscose Filament Yarn has been satisfactory and Continuous Spun Yarn (CSY) may witness export growth due to better quality and its acceptability for which efforts are continuing.
- Cement/Clinker has been exported to Nepal, for which payment is made in Indian Rupees by the Purchaser.
- Our efforts to promote the exports of paper have resulted in increasing our exports and we hope to further improve our exports performance by producing High Bright Paper of International Standard.

**2. Total Foreign Exchange used and earned.**

	(Rs. in Crore)
Foreign exchange used	135.44
Foreign exchange earned	326.00

On behalf of the Board,

Mumbai,  
Dated : 2nd May, 2003

**B.K. BIRLA**  
Chairman