

# CENTURY

TEXTILES AND INDUSTRIES LIMITED

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104<sup>TH</sup> ANNUAL REPORT AND ACCOUNTS 2000-2001



Shri B. K. Birla - Chairman

**DIRECTORS : (As on 30.04.2001)**

<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 A. P. Kurian</b>	<i>(UTI Nominee)</i>
<b>Shri H. Narayanan</b>	
<b>Smt. Priyamvada Birla</b>	
<b>Shri P. H. Ravikumar</b>	<i>(ICICI Nominee)</i>
<b>Shri K. X. M. John</b>	<i>(IDBI Nominee)</i>
<b>Shri B. L. Jain</b>	<i>(Whole-time Director)</i>

**ADVISER :**

**Shri D. P. Mandelia**

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**EXECUTIVES :** (As on 30.04.2001)**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 Joint President (Finance)
<b>Shri I.C. Surana</b>	Joint President (Works)
<b>Shri P.M. Nevatia</b>	Senior Vice President (Purchase & Projects)
<b>Shri U.C. Garg</b>	Vice President (Marketing)
<b>Shri R.C. Panwar</b>	Vice President (Production)
<b>Shri S.R. Makharria</b>	Vice President (Century Yarn & Denim)
<b>Shri R.C. Gupta</b>	

**CENTURY RAYON, MANIKGARH CEMENT AND CENTURY SHIPPING**

<b>Shri N.M. Jain</b>	Senior President
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**CENTURY RAYON**

<b>Shri L.S. Mehta</b>	Executive President (Works)
<b>Shri D.V. Singh</b>	Joint President (Personnel & Administration)
<b>Shri M.C. Mehta</b>	Joint President (Development & Engineering)
<b>Shri A.K. Taori</b>	Senior Vice President (Marketing)
<b>Shri O.R. Chitlange</b>	Senior Vice President (Finance) (Rayon & Shipping)
<b>Shri R. Lalwani</b>	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 (Tyre Cord Plant)
<b>Shri R. K. Tandon</b>	Vice President (Delhi Office)

**CENTURY AND MAIHAR 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 P.C. Jain</b>	Senior Vice President (Mines)
<b>Shri S.L. Agarwal</b>	Senior Vice President (Commercial)
<b>Shri S.K. Jain</b>	Senior Vice President (Finance)
<b>Shri M.C. Gupta</b>	Senior Vice President (Process & Quality Control)

**MAIHAR CEMENT UNITS I & II**

<b>Shri Kamal Kishore</b>	Executive President (Co-ordination)
<b>Shri M.K. Sethi</b>	Joint President (Mines)
<b>Shri S.K. Jain</b>	Joint President (Commercial)
<b>Shri C.S. Jain</b>	Senior Vice President (Marketing)
<b>Shri N.B. Singh</b>	Vice President (Process & Quality Control)

**UNIT II**

<b>Shri B.P. Jain</b>	Executive President (Plant)
<b>Shri Sharad Jain</b>	Senior Vice President (Process & Quality Control)
<b>Shri B.L. Agarwal</b>	Senior Vice President (Electrical)
<b>Shri V.K. Bhandari</b>	Senior Vice President (Finance)
<b>Shri R.S. Doshi</b>	Vice President (Finance)

**MANIKGARH CEMENT**

<b>Shri S.S. Sharma</b>	Executive President (Co-ordination)
<b>Shri S.K. Mandelia</b>	Senior Vice President (Commercial & Administration)
<b>Shri G.R. Tibrewala</b>	Senior Vice President (Mines)
<b>Shri P.C. Nalwaya</b>	Senior Vice President (Marketing)
<b>Shri Ashok Bangad</b>	Senior Vice President (Works)

**CENTURY SHIPPING**

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

**CENTURY PULP & PAPER**

<b>Shri R.L. Lakhotia</b>	Joint President (Works)
<b>Shri S.K. Maheshwari</b>	Vice President (Manufacturing)
<b>Shri J. K. Mandelia</b>	Vice President (Finance & Accounts)
<b>Shri S. N. Singh</b>	Vice President (Process - Bagasse & RGP)
<b>Shri H. C. Kabra</b>	Vice President (Utilities)
<b>Shri R. C. Trivedi</b>	Vice President (Personnel & Administration)

**CENRAY MINERALS AND CHEMICALS**

<b>Shri M.M. Sand</b>	Vice President (Salt Works)
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**AUDITORS :****DALAL & SHAH, MUMBAI****REGISTERED OFFICE : CENTURY BHAVAN, DR. ANNIE BESANT ROAD, MUMBAI - 400 025.**

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

**NOTICE** is hereby given that the 104th 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 10th July, 2001 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, 2001.
2. To confirm payment of dividend made by the Directors on the Preference Shares for the period from 1st April, 2000 to 28th October, 2000 which have been redeemed.
3. To declare dividend on Equity Shares for the year ended 31st March, 2001.
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 a Director in place of Shri H. Narayanan who retires from office by rotation, but being eligible, offers himself for re-election.
7. To appoint Smt. Priyamvada Birla (who was appointed as an Additional Director by the Board of Directors under Article 110 of the Articles of Association of the Company and who holds office under the said Articles and Section 260 of the Companies Act, 1956, only upto the date of this meeting and in respect of whom, the Company has received a notice in writing from a member signifying his intention to propose her as a candidate for the office of Director) as a Director of the Company and to consider and, if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution:

"RESOLVED that pursuant to the relevant provisions of the Companies Act, 1956, including Section 257, Smt. Priyamvada Birla be and is hereby elected and appointed a Director of the Company liable to retire by rotation".

8. 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 existing Directors of the Company for the time being in office be increased from 11 to 12".

9. To appoint Auditors 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, and for the purpose, to pass the following Resolution which will be proposed as a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Dalal & Shah, Chartered Accountants, the retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company at a remuneration of Rs.45.65 lacs (Rupees forty five lacs sixty five thousand only) for the said period plus service tax on audit fees as may be applicable and actual travelling and other out of pocket expenses incurred incidental to their functions".

**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) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos.7 to 9 of the Notice set out above, is hereto annexed.
- (c) The Registers of Members and Transfer Books in respect of the Equity Shares of the Company will remain closed from Tuesday, the 26th June, 2001 to Tuesday, the 10th July, 2001 both days inclusive.
- (d) Dividend on Equity Shares when sanctioned will be made payable on or after Thursday, the 19th July, 2001 to those Shareholders whose names stand on the Company's Register of Members on Tuesday, the 10th July, 2001 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 as per details furnished by the depositories for this purpose.
- (e) 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.

- (f) 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 Sec. 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 unencashed.

Date of declaration of dividend	Dividend for the year	Due date of transfer to the Government
16th July, 1996	1995-96	26th August, 2003
22nd July, 1997	1996-97	1st September, 2004
8th September, 1998	1997-98	19th October, 2005
23rd August, 1999	1998-99	3rd October, 2006
9th August, 2000	1999-2000	19th September, 2007

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 Sec. 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.

- (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 the Company for doing the needful.
- (h) Members are requested to notify change in address, if any, immediately to the Company at its Registered Office 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.

Mumbai,  
Dated : 30th April, 2001

By Order of the Board,  
**D. K. AGRAWAL**  
Secretary

## ANNEXURE TO THE NOTICE

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

### Item No.7

Smt. Priyamvada Birla has been appointed as an Additional Director of the Company by the Board of Directors pursuant to the provisions contained in Article 110 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said Article and the said Section she will hold office only upto the date of this Annual General Meeting. As required under Section 257 of the above Act, notice has been received from a member signifying his intention to propose her as a candidate for the office of Director. Smt. Priyamvada Birla is a prominent industrialist and on the Board of several companies and as such has considerable commercial and corporate experience. It is, therefore, in the Company's interest that it should continue to avail of her services as a Member of the Board.

It is in the above circumstances that the Resolution mentioned in this item of the notice is proposed to be passed and commended for your acceptance.

Smt. Priyamvada Birla is interested in this Resolution relating to her re-appointment.

### Item No.8

In view of the appointment of Smt. Priyamvada Birla as an Additional Director on the Board, the number of Directors now in office stands increased from 11 to 12. The specific Resolution as in this item of the Notice though not strictly necessary is being proposed to be passed by way of abundant caution in view of the provisions of section 258 of the Companies Act, 1956.

### Item No.9

Although not strictly necessary, this Explanatory Statement is being given in respect of the Resolution mentioned in this item of Notice since the Resolution for the re-appointment of the retiring Auditors will be proposed as a Special Resolution in view of the provisions contained in Section 224A of the Companies Act, 1956. Although the present holding of Institutions, Banks and Insurance Companies is presently less than 25%, by way of abundant caution the Special Resolution as in this item of the Notice is being proposed.

In view of general increase in the activities of the Company and the resultant costs associated with the services rendered, the remuneration of the Auditors is also proposed to be increased from Rs.41.50 lacs to Rs.45.65 lacs plus service tax on Audit Fees as may be applicable and actual travel and other out of pocket expenses incurred incidental to their functions as mentioned in the Resolution.

As required under section 224 of the said Act, the Auditors have forwarded a Certificate to the Company stating that their re-appointment if made, will be within the limit specified in sub-section (1B) thereof.

Mumbai,  
Dated : 30th April, 2001

By Order of the Board,  
**D. K. AGRAWAL**  
Secretary

## DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 104th Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March, 2001. The summarised financial results are given below. The profit during the year, after providing interest, has shown substantial improvement as compared to the previous year. The over all profitability of the Company could have been still better if the prices of Cement and Paper did not remain depressed for major part of the year. In Textile Division, the prices of cotton have increased considerably since January, 2001 and export and domestic markets are under severe demand recession. The outlook for the Company on the whole appears to be optimistic.

### 1. SUMMARISED FINANCIAL RESULTS:

(Rs. in Crore)

	2000-01	1999-2000
Gross Sales	<b>2557.46</b>	2376.13
Profit before interest	<b>334.63</b>	269.54
Profit after interest	<b>145.82</b>	95.15
Provision for Depreciation	<b>80.30</b>	74.34
Provision for leave encashment for prior years	<b>5.57</b>	—
Provision for Taxation	<b>6.00</b>	0.27
Excess tax provision relating to prior years	<b>—</b>	13.98
Profit	<b>53.95</b>	34.52

The operational 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 Presidents of each unit and the Wholetime Director of the Company and the same is deemed to be a part of this Directors' Report.

### 2. DIVIDEND:

The Board of Directors have recommended dividend @ 10% (Ten percent) on Paid up Equity Share Capital of the Company for the year ended 31.03.2001 as against 6% (Six 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.

### 3. PREFERENCE SHARES:

We have redeemed 10.25% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100/- each amounting to Rs.100 crore on 29<sup>th</sup> October, 2000 which was the due date of redemption. Proportionate dividend @ 10.25% till the date of redemption has also been paid. The members are requested to confirm the payment at the ensuing Annual General Meeting.

### 4. SALE OF SHARES:

The Company's holding of 7,84,000 Equity Shares of Rs.10/- each of Centak Chemicals Ltd., which were subscribed at par as a Promoter thereof, have been sold to the Co-promoter, Akzo Nobel Chemicals International b.v. Netherlands, at Rs.200/- per share. The resultant profit of Rs.14.90 crore has been shown under the head 'Other Income'.

### 5. EXPORTS:

In view of the general economic slow down and demand recession, export markets were depressed. However, the Company's exports amounted to about Rs. 427 crore which is about 19 percent of the Net Sales.

### 6. BUSINESS RESTRUCTURING:

As regards the authority given by the Shareholders to dispose off Manikgarh Cement unit of the Company, as the sale of the said unit did not materialise, the proposal has now been deferred in view of the recent improvement in Cement sector.

### 7. FLORICULTURE ACTIVITIES:

To reduce dependence on exports, we have taken up diversification by replacement in part of Roses to Carnation & Gerbera, which has some domestic market and better profitability. Also in-house propagation activities have been undertaken to effect economies.

### 8. MODERNISATION:

Modernisation and technological upgradation programmes, as may be necessary, are being continued in all the Units of the Company to maintain competitiveness and better quality. Stringent cost control measures are being implemented in all possible areas.

### 9. CORPORATE GOVERNANCE:

We have taken all necessary steps to comply with the requirements of Corporate Governance as per listing agreement with the Stock Exchanges. A separate report on Corporate Governance is enclosed as a part of Annual Report. A compliance certificate from the Company's auditors in this behalf is annexed with this report.

### 10. GENERAL - SPORTS AND WELFARE ACTIVITIES:

#### a) Textile Division:

- At the 42<sup>nd</sup> Annual Vegetable, Fruits and Flower Show Competition held in February, 2001, organised by "National Society of Friends of Trees" the Company has won Championship Trophy of the Governor of Maharashtra and also



bagged 76 First prizes, 46 Second prizes and 33 Third prizes.

- ii) In the Exhibition of fruits, vegetables and flowers held in February, 2001, organised by the Municipal Corporation of Greater Mumbai, the Division has won 7 First prizes, 8 Second prizes and 3 Third prizes.

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

- i) Our Rayon Division has won National Award for "Excellence in Electrical Energy Conservation" of the CII "National Energy Conservation Award" of Ministry of Power, Government of India for the year 2000.
- ii) Awarded SRTEPC Gold Trophies for best Export Performance in the year 1999-2000.

#### **c) Cement Divisions:**

- i) Century Cement has bagged certificate of Merit Award for the year 1997-98 by National Productivity Council of India, New Delhi for Productivity performance.
- ii) Century Cement mines have bagged first prize in safety awards – transport of mineral, tyre maintenance from the Director General, Mines Safety, Bilaspur Region and also first prize in Mines Environment and Mineral Conservation – Reclamation and Rehabilitation from Indian Bureau of Mines, Nagpur Region.
- iii) Maihar Cement mines have bagged the first prize in overall performance, housekeeping, fire safety, transport of material, standard working, machinery maintenance during the Metalliferous Mines Safety week 2000-01 of Jabalpur Region.
- iv) During the year 2000-01, Maihar Cement has bagged the National Safety Award for outstanding performance in Industrial Safety as runners-up for the year 1998 for achieving lowest average frequency rate.
- v) Manikgarh Cement has bagged first prize in manufacturing support category in Chapter Convention of Quality Circles organised by Quality Circle Forum of India, Nagpur, Chapter 2000. Manikgarh Cement mines have also bagged first prize for "Water Quality Management" during Mines Environment and Mineral Conservation week.
- vi) Manikgarh Cement has also bagged "National Safety Award" from Ministry of Labour, Government of India, for outstanding performance in Industrial safety in the category of "Longest Accident Free Period" for the year 1997 and National Safety Award for "Lowest Average Frequency Rate" for the year 1997.

#### **d) Pulp & Paper Division:**

- i) This unit has bagged second best paper presentation award in Annual Seminar of IPPTA held in Delhi in March, 2001 for its paper on Enzyme for pre-bleaching towards Elemental Chlorine Free (ECF) Pulp.
- ii) Unit's quality circle 'Deepak' bagged 'Certificate of Excellence' in the Regional Convention of Quality Circle 2000 at Kanpur and subsequently received "Momento of Excellence" at the National Convention of Quality Circles held at Surajkund in December, 2000.

### **11. ENVIRONMENT AND POLLUTION CONTROL:**

All manufacturing facilities have required environmental clearances from respective Pollution Control Boards and 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.

New initiatives taken include installation of pollution control devices like Electrostatic Precipitators and Bag Filters at various stages of operation. In addition, a number of measures have also been undertaken as part of ISO 14001 implementation at Century Cement Division of the Company.

### **12. INSURANCE:**

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

### **13. DIRECTORS:**

Smt. Priyamvada Birla, an eminent industrialist, has been appointed as an Additional Director of the Company pursuant to the provisions of Article 110 of the Articles of Association of the Company. The advantage of her vast industrial and business experience would thus be available to the benefit of the Company. She will hold office only upto the date of the forthcoming Annual General Meeting and being eligible, offers herself for re-election.

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

ICICI Ltd. withdrew the nomination of Shri S. Mukherji w.e.f 29.3.2001 and nominated Shri P.H. Ravikumar, Senior General Manager, w.e.f 3.4.2001 on the Board of the Company in terms of Article 112A of the Articles of Association of the Company.

The Industrial Development Bank of India (IDBI) also withdrew the nomination of Shri S. Suryanarayanan as its Nominee Director and nominated Shri K.X.M. John, Executive Director,

IDBI, presently at Hyderabad in his place on the Board of the Company w.e.f. 4.4.2001 in terms of Article 112A of the Articles of Association of the Company.

The Board places on record their appreciation for the valuable services rendered by Shri S. Mukherji and Shri S. Suryanarayanan during the tenure of their office as a Director of the Company.

#### 14. 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.

#### 15. AUDITORS' REPORT:

The notes to the Accounts bearing numbers 25(a), (b), (c), 26(a), 28 and 29 referred to in the Auditors' Report and paras in italics in the Auditors' Report are self explanatory and therefore do not call for any further explanation under Section 217(3) of the Companies Act, 1956. As regards note about Non-provision of Depreciation for 3 units of the Company, it may be noted that the same is in accordance with permission of the Central Government.

#### 16. 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.

#### 17. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii) that the Directors had 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 had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) That the Directors had prepared the annual accounts on a going concern basis.

#### 18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

##### a) Cement Divisions:

Maihar Cement bagged 4 awards out of 16 awards instituted by Fuller for conservation of Thermal and Electrical energy for the year 1999-2000 in Madhya Pradesh - largest cement producing state having 23% installed capacity of the Industry.

##### b) 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' which forms part of this Report.

#### 19. 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' which forms part of this Report.

#### 20. CASH FLOW ANALYSIS:

In conformity with the provisions of clause 32 of the Listing Agreement/(s) the Cash Flow Statement for the year ended 31.3.2001 is annexed hereto.

#### 21. APPRECIATION:

The Company places on record its deep appreciation for the devoted services of the loyal workers, staff and the executives of the Company which 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 foreign 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 in such trying times, at the General Meetings of the Company is also a great fillip to strive for better performance inspite of adverse factors faced by the Company during the year.

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

Dated: 30th April, 2001

On behalf of the Board,  
**B.K. BIRLA**  
Chairman



## 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

- \* Lowering system pressure of compressed air for Airjet Looms.
- \* Removing central exhaust fans from pneumafil exhaust system in Spinning Section after modifying in ducting.
- \* Electronic Ballast & lowering of system voltage in lighting.

##### Rayon, Tyre Cord & Chemicals Divisions

- \* Replacement of centrifugal fans with axial flow fans for supply of air in spinning halls.
- \* Reuse of effluent water for spin bath filter backwashing & gardening.

##### Cement Divisions

- \* High efficiency classifier in one Vertical Roller Raw Mill. Close monitoring of all the devices to minimize idle running.
- \* Energy Conservation Equipments like VVVF panels, shunt capacitors, high efficiency fans and programmable logic controller have been installed at various places in plant.
- \* Drying Chamber and Hot Air Generator have been installed in one of the Cement Mill, for power saving in Slag grinding.

##### Pulp & Paper Division

M/s. CII Energy Cell were deployed for identification of Energy Saving proposals and many suggestions given by them for energy saving have been implemented. Some measures taken are as under :-

- \* Reduction of one stage of feed in 2 Nos. water pumps.
- \* Pith firing system introduced in one more Boiler.
- \* Two stage air preheating instead of single stage in chemical recovery boilers.

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

- \* High efficiency dynamic classifier for Roller Mills.
- \* Drying Chamber and Hot Air Generator for Cement Mill.

- \* Reorganisation of Electrical Load Bundles in Bagasse Pulp Mill for increasing Turbine generation.

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

- \* Energy Saving.
- \* More power generation in Turbine.

#### (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.
- \* Bio-bleaching (Enzyme pretreatment) of paper.
- \* Use of dry strength resin in all paper machines to improve the quality of paper.

#### 2. Benefits derived as a result of the above R & D :

- \* Improvement in the quality of manufactured products to meet the requirements of highly competitive export as well as domestic markets.
- \* An improvement of 1.5 - 2.0 points in brightness and 10-15% in bleaching chemicals with enzyme pretreatment (less pollutant).
- \* Significant reduction in resin content of Rayon Grade Pulp.
- \* Increase in brightness and significant reduction in yellowness of Rayon Grade Pulp as well as Paper grade pulp.
- \* Dimensional stability of paper improved.
- \* Repeated export orders.

#### 3. Future Plan of Action :

- \* Further improvement in the Quality of products and processes.

- \* Exploration of avenues for continuous cost reduction measures.
- \* Technical upgradation of pollution control facilities.
- \* Reduction in Power/Fuel/Water consumption.
- \* Development of alternate source of Raw Material.
- \* Development of ECF (Elementary Chlorine Free) pulp in Bagasse stream using Bio-bleaching with protection and preservation of environment.

## 4. Expenditure on R &amp; D

(Rs. in Crore)

(a) Capital	0.00
(b) Recurring (including contribution)	2.75
(c) Total	2.75
(d) Total R&D expenditure as a percentage of total turnover	0.11

**Technology absorption, adaptation and Innovation**

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

**Textile Division**

- \* Development of an ecofriendly finish to impart wrinkle resistance along with water, oil, soil and stain repelling properties to 100% cotton suiting variety.
- \* Development of silken feel on 100% cotton saree to achieve feel of silk along with comfort of cotton.

**Rayon, Tyre Cord & Chemicals Divisions**

- \* Computer software viz. Load Manager to optimize load-sharing of Turbine was installed.

**Cement Divisions**

- \* Two Nos. Wagon Loading Machines for loading of Cement bags into Wagons were installed.
- \* Hot Air Generator for Cement Mill.
- \* High efficiency classifier for raw mills.

**Pulp & Paper Division**

- \* Design, fabrication and installation of Depithier.
- \* Enzyme bleaching in Bagasse as well as in wood pulp.
- \* Use of Hydrogen peroxide for bleaching.
- \* Deresination in Rayon Grade Pulp.

2. Benefits derived as result of above efforts :

**Textile Division**

- \* Catering to the changing taste of enlightened customers.

**Rayon, Tyre Cord & Chemicals Divisions**

- \* System power factor improved.

**Cement Divisions**

- \* Saving in man power resulting to cost reduction.
- \* Increase in output resulting to reduction in power consumption.

**Pulp and Paper Division**

- \* Saving in power.
- \* Reduction of bleaching chemicals and pollution load reduction.
- \* Reduction in wood consumption.

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

- \* IKN Kids cooler technology from Germany introduced in grate cooler for higher heat recuperation.
- \* Polycom Roller Press has been introduced in Cement Grinding circuit.
- \* "Pillard Burner" for kiln firing was procured from France.

**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.**

In addition to what has been stated in the Management Discussion & Analysis Report, we would like to mention that continuous efforts to identify new markets and new products are being made. Pursuant to such efforts, Exports of Paper have shown good improvement during the year.

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

(Rs. in Crore)

Foreign exchange used	302.42
Foreign exchange earned	423.27

On behalf of the Board,

Mumbai,  
Dated 30th April, 2001**B.K. BIRLA**  
Chairman