

ANNUAL REPORT 1997-98

2000

GRASIM



GRASIM INDUSTRIES LIMITED

THE ADITYA BIRLA GROUP
MIND YEARS AHEAD



SHRI ADITYA BIRLA

A year ago, in homage to the legendary Shri Aditya Birla, we consolidated all our Companies under the umbrella of the Aditya Birla Group.

Our Corporate logo 'Aditya', the Rising Sun- universal, dynamic, all-pervading, never failing, sought to capture the spirit of our founder. Symbolizing a commitment to quality, to energetic performance, to perfection, to warmth in stakeholder relationships.

This common philosophy binds all of our Group Companies. Our new Company logo is an expression of our pride in belonging to the Aditya Birla Group. Importantly, it is a reaffirmation of our commitment to Shri Aditya Birla's vision, his values, his management style. For these have contributed enormously in placing our Group in the pre-eminent position we are in today.

A visionary, Shri Aditya Birla was the first to set up Indian multinationals overseas. Long before the word 'globalization' came into our everyday lexicon, he had foreseen the winds of change and staked the future of his business on a competitive, free-market driven economic order. At a time when India's economy was glued with bureaucracy and taped with controls, his was a rather lone voice. It was a voice that not only spoke, but also acted decisively and with conviction.

For him, though, globalization meant more than just geographic reach. He believed that a business could be global even whilst being based in India. Therefore, back in his home territory, he drove single-mindedly to put together the building blocks to make our Indian businesses a global force.

His work was anchored in a deeply-held set of values. He believed intrinsically in the potential of the individual, giving them space and boosting their confidence. He believed in delegating and in empowering competent people, long before these became

"We are not afraid of competition; let competition be afraid of us."

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

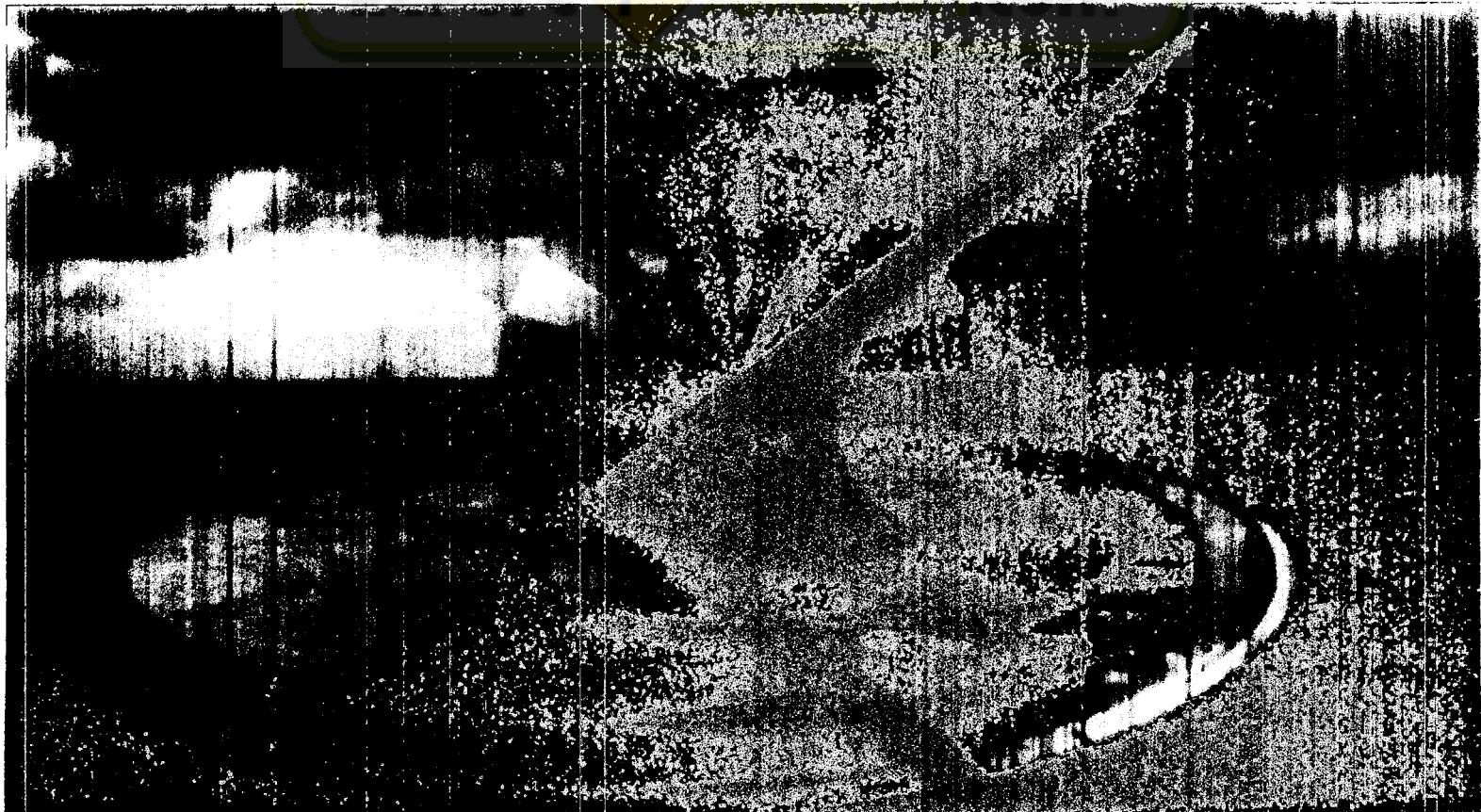
management buzz words.

A tremendous lateral thinker, he could put things in the right context, distil and retain only that which could add value.

Shri Aditya Birla was a man with tremendous foresight. A man who could take a visionary view of the future, understand how a company would need to adapt itself to the changing scenario. A man with the courage to act upon his convictions. A man with a mind that was years ahead of others.

These are the qualities that all of us at the Aditya Birla Group have imbibed from him. They form the basis of our business. By thinking forward and being proactive, the Aditya Birla Group stays 'mind years ahead' of the competition.

"Let us be partners in the prosperity that India offers, in the globalisation of Indian industry."



TOWARDS THE NEXT MILLENNIUM

The coming new millennium will bring with it, new challenges and expectations. At the Aditya Birla Group, we already have our sights firmly focussed on the future. We aim to capitalise on our strengths to remain at the core of the core sector in India and expand our global presence.

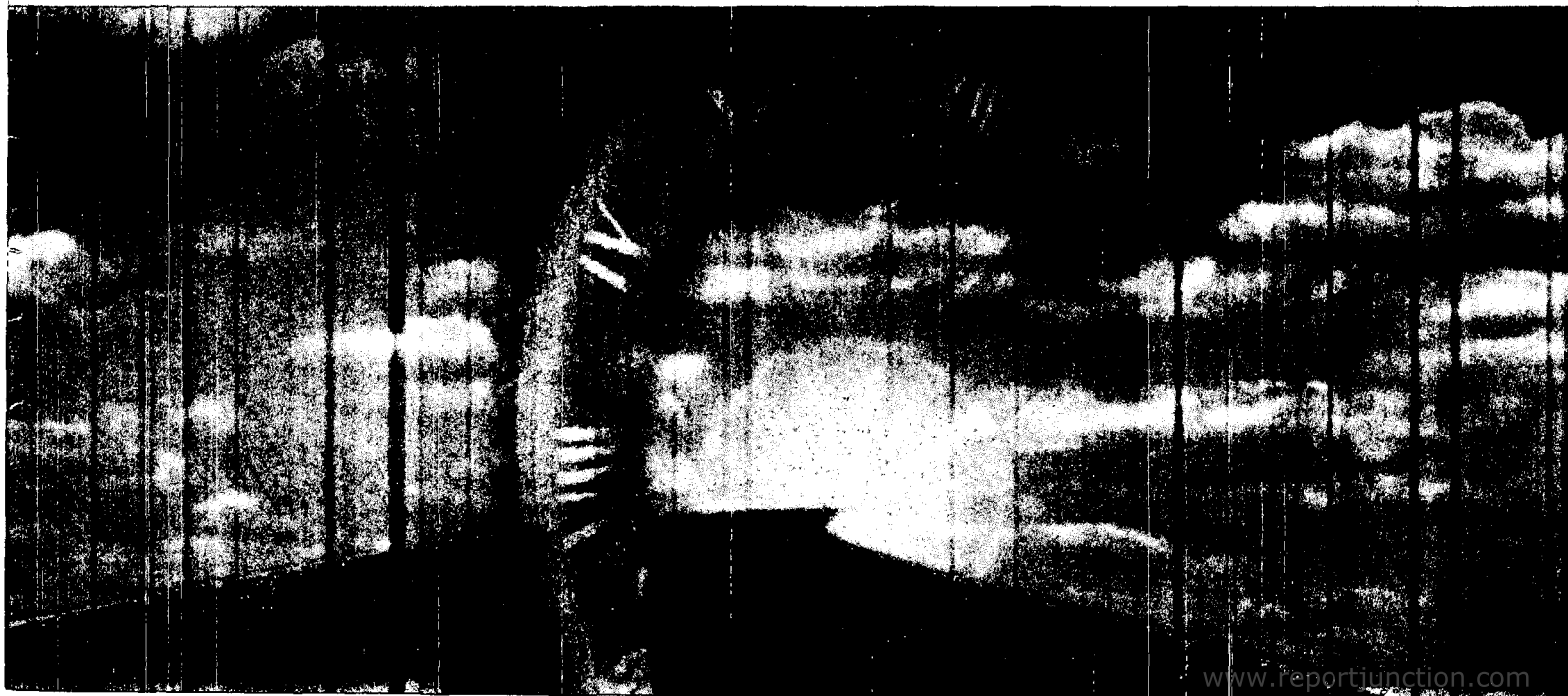
With a commitment to enhance long-term shareholder value:

- *We will retain and build on our leadership in our existing core businesses.*
- *With our customers at the top of our minds, we anticipate their needs in order to create new markets.*
- *We continuously upgrade the quality of our products and services, by using the latest technological advances, to create growth through partnership with our customers.*
- *We constantly hone our skills in continuous improvement, cost reduction and knowledge integration.*
- *We build linkages forward and backward to gain control over critical inputs and to enhance our focus on value-added products.*
- *We use our strengths to seize emerging opportunities in key core sectors.*
- *We aim to develop a clear sustainable advantage to be a dominant player in our new business ventures.*
- *Our benchmark is the world's best.*

The key to our success in these endeavours lies in the strength of our human resources. We have in place the right people in the right positions. We have set in motion, new people development processes to help our people reach optimum levels of performance. Because, we believe, as our people grow, the Aditya Birla Group grows.

*Kumar Mangalam Birla,
Chairman, Aditya Birla Group.*

"A leader leads by personal example, creating a team, delegating responsibility and choosing the right man for the right job."



THE ADITYA BIRLA GROUP
COMMITTED TO DELIVER VALUE FOR ITS
CUSTOMERS, INVESTORS, SHAREHOLDERS AND EMPLOYEES

Since 1947, the Aditya Birla Group has been committed to the future of India. Its quality products and commodities reach out to the core sector. In industries such as Aluminium, Cement, Viscose Staple Fibre, Viscose Filament Yarn, Caustic Soda, Pulp, Chemicals, Fertilisers, Sponge Iron, Carbon Black, Petroleum Refining, Power and Telecommunications - all of which are key to the growth of a nation.

While establishing its leadership position in the core sector and continuing its never-ending quest for excellence, the Aditya Birla Group has leveraged its competencies to become a truly world-class global corporation.

The Group has joint ventures with global majors including AT&T (USA) for telecommunications, Powergen (UK) for power and Capital International (USA) for financial services. In the refining sector it has a joint venture with Hindustan Petroleum Corporation Limited, one of India's largest oil companies.

Its 60 state-of-the-art manufacturing units - all ISO 9002 certified and with environmentally compatible technologies - span India, Thailand, Indonesia, Malaysia, Philippines, Egypt and Canada as well. All these units are set up with know-how from globally renowned companies.

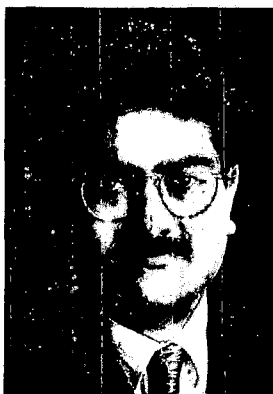
Alongside, its international trading operations encompass countries like Singapore, Dubai, UK, USA, South Africa, Tanzania, Myanmar and Russia. It was the only Group to have been termed "a truly global multinational corporation" by Euromoney in 1994.

The Group recently took over the Atholville Pulp Mill situated in New Brunswick, Canada. The mill will provide 110,000 tons of Dissolving Grade Chemical Wood Pulp to Group Companies - Grasim Industries, India, Thai Rayon Public Company, Thailand and P.T. Indo Bharat Rayon, Indonesia. This is the Group's first major acquisition overseas.

India's second largest business house, the Aditya Birla Group enjoys a dominant position in all the sectors in which it operates. The Aditya Birla Group is the world's largest producer of Viscose Staple Fibre and the largest single location Refiner of Palm Oil. It is the world's third largest producer of Insulators and the sixth largest producer of Carbon Black.

"When suggestions are given, the first reaction should be: yes, it can be done. A positive bent of mind should guide us."

* Quotes excerpted from: 'Aditya Birla and Birla: A Biography'



MR. KUMAR MANGALAM BIRLA

In India, the Group is the single largest producer of Viscose Filament Yarn, Aluminium, Grey Cement (at a single location), White Cement and Rayon Grade Pulp. It is also the only producer of linen in the textiles industry in India.

The Aditya Birla Group's total turnover for 1997-98 crossed Rs. 20,000 crores. Its Fixed Assets are in the region of Rs. 18,000 crores. The Group employs more than 140,000 people in over 15 countries.

A learning and growing organisation, this Vision-driven Group fosters a culture that promotes excellence and rewards entrepreneurship. It endeavours to make the workplace a source of creativity, innovation and self-fulfilment for all employees. Fostering a corporate culture where there is a high level of commitment. A sense of shared destiny and company mindedness.

As a responsible corporate citizen, the Group works with a missionary zeal for the larger good of society. The Aditya Birla Group inherently believes in the trusteeship concept of management. Consequently, part of its profits are ploughed back into meaningful welfare-driven initiatives that make a qualitative difference to the life of a people.

The Group's flagship companies - Grasim Industries, Hindalco Industries, Indian Rayon and Industries and Indo Gulf Fertilisers and Chemicals Corporation - rank among India's top 50 most respected and admired corporations.

The Aditya Birla Group operates a decentralised, professionally managed, responsive organisation, led by Mr. Kumar Mangalam Birla, supported by an experienced international management team.

We, in Grasim, are proud to be a part of this fine Group.



GRASIM INDUSTRIES LIMITED

GRASIM INDUSTRIES LIMITED

BOARD OF DIRECTORS

MR. KUMAR MANGALAM BIRLA,
Chairman
MRS. RAJASHREE BIRLA
MR. A. N. LALBHAI
MR. S. K. KAPOOR
MR. M. L. APTE
MR. B. K. SETHI
MR. S. V. MUZUMDAR
MR. R. K. KAUL
MR. N. N. JAMBUSARIA
MR. S. G. SUBRAHMANYAN
MR. P. K. MOHTA
MR. B. V. BHARGAVA

ADVISER

Mr. D. P. Mandella

MANAGER

Mr. Shailendra K. Jain

EXECUTIVES

Staple Fibre and Engineering Divisions, Nagda, Pulp and Gasilene Divisions, Harihar and Birla Cellulosic Division, Birladham, Kharach

Mr. Shailendra K. Jain - *President*

Staple Fibre & Engineering Divisions, Nagda

Dr. Lalit Gupta - *Sr. Executive President*

Staple Fibre Division, Nagda

Mr. S. K. Saboo - *Executive President*
Mr. P. P. Agarwal - *Jt. Executive President (Fin. & Comm.)*
Mr. D. N. Makharia - *Jt. Executive President (Mktg.)*
Mr. K. K. L. Das - *Sr. Vice President (HRM - S.F.D. & E.D.)*
Mr. K. P. Singh - *Sr. Vice President (Power Plant)*
Mr. B. S. Ojha - *Sr. Vice President (Marketing & Tech. Co-ord.)*

Engineering Division, Nagda

Mr. K. K. Patni - *Sr. Vice President*

Pulp & Gasilene Divisions, Harihar

Mr. O. P. Rungta - *Sr. Executive President*
Mr. S. S. Maru - *Executive President*

Pulp Division, Harihar

Mr. K. K. Chaturvedi - *Sr. Vice President (Tech.)*

Gasilene Division, Harihar

Mr. R. N. Sharma - *Sr. Vice President (Tech.)*

Birla Cellulosic Division, Birladham, Kharach

Mr. Vijay Kaul - *Sr. Executive President*

Pulp & Staple Fibre Divisions, Mavoor

Mr. R. N. Saboo - *President*
Mr. C. Kochukrishnan - *Jt. Executive President (Tech.) (Pulp Division)*

Vikram Ispat, Cement Divisions, Birla Consultancy & Software Services and Birla International Marketing Corporation

Mr. M. C. Bagrodia - *Group Executive President*

Vikram Ispat, Raigarh

Mr. B. R. Nahar - *Executive President*
Mr. H. N. Singh - *Jt. Executive President (Tech.)*
Mr. P. K. Sen - *Sr. Vice President (Operations)*
Mr. A. K. Gupta - *Sr. Vice President (Projects)*
Mr. Sunil Kulwal - *Sr. Vice President (Fin. & Comm.)*

Vikram Cement, Jawad and Aditya Cement, Shambhupura

Mr. C. P. Jajoo - *Sr. Executive President*
Mr. K. C. Jhanwar - *Jt. Executive President*
Mr. G. Vittal Rao - *Adviser (Tech.)*
Mr. N. R. Jain - *Jt. Executive President*
Mr. M. C. Agarwal - *Sr. Vice President (Tech.)*
Mr. R. P. Gattani - *Sr. Vice President (Mtrls.)*
Mr. S. C. Beri - *Sr. Vice President (Tech. I & II)*
Mr. B. C. Chattopadhyay - *Sr. Vice President (Mktg.)*

Grasim Cement, Raipur

Mr. Ravi Kastia - *Executive President*
Mr. G. K. Maheshwari - *Jt. Executive President*
Mr. R. S. Sharma - *Sr. Vice President (Fin. & Comm.)*

Birla Consultancy & Software Services, Mumbai

Mr. Pankaj Kumar - *Jt. Executive President*

Birla International Marketing Corporation, Delhi

Mr. J. B. Sodani - *Executive President*

Chemical Division, Nagda

Mr. B. L. Shah - *Group Executive President*
Mr. Ashok Parekh - *Sr. Executive President*
Mr. G. K. Tulsian - *Executive President*
Mr. S. N. Jajoo - *Sr. Vice President (Fin. & Comm.)*
Mr. A. S. Kothari - *Sr. Vice President (Mktg.)*
Mr. K. K. Patadia - *Sr. Vice President (Engg.)*

Textile Divisions, Gwalior & Bhiwani

Mr. S. B. Agarwal - *Group Executive President*

Textile Division, Gwalior

Mr. S. K. Gupta - *Executive President*
Mr. J. C. Soni - *Sr. Vice President (Vikram Woollens)*

Bhiwani Textile Mills, Bhiwani

Mr. D. S. Agarwal - *Executive President*
Mr. M. L. Bagaria - *Sr. Vice President (Spg.)*

Corporate Cell

Dr. Bharat Singh - *President (Corporate Strategy & Human Resources)*
Mr. A. M. Singhvi - *Executive President (World Class Management System)*

Management Audit Cell

Mr. S. N. Neotia - *Executive President*

Corporate Affairs

Mr. R. Vaidyanathan - *Jt. Executive President (Corporate Affairs & Development, New Delhi)*
Ms. N. Chainani - *Jt. Executive President (Corporate Affairs & Development, New Delhi)*
Mr. S. C. Jain - *Jt. Executive President (Bangalore)*
Mr. R. Bhandari - *Sr. Vice President (Fin. & Comm.)*
Mr. Rajeev Kansal - *Sr. Vice President (Global Marketing Strategy Cell)*

Project Cell

Mr. J. K. Maru - *Sr. Executive President*
Mr. S. S. Chhaparia - *Executive President*
Mr. G. S. Shukla - *Executive President*
Mr. P. Ramakrishnan - *Executive President (Petro.)*
Mr. P. L. Sharma - *Sr. Jt. President*
Mr. U. V. Rao - *Jt. Executive President*
Mr. P. K. Pai - *Sr. Vice President (Projects)*
Mr. M. K. Parasrampur - *Sr. Vice President (Comm.)*

SECRETARY

Mr. D. N. Makharia

AUDITORS

M/s. G. P. Kapadia & Co., (Chartered Accountants, Mumbai)
M/s. Lodha & Co., (Chartered Accountants, Delhi)

SOLICITORS

M/s. Mulla & Mulla & Craigie, Blunt & Caroe, Mumbai

REGISTERED OFFICE

P.O. : Birlagram, Nagda - 456 331 (M.P.)

NOTICE OF MEETING

NOTICE is hereby given that the Fifty First Annual General Meeting of the shareholders of Grasim Industries Limited, will be held at the GRASIM CLUB, Birlagram, Nagda (M.P.) on Saturday, the 25th day of July, 1998 at 11 a.m. (S.T.) to transact, with or without modifications, as may be permissible, the following business:

1. To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1998.
2. To sanction the declaration of dividend on Equity Shares for the year ended 31st March, 1998.
3. To appoint a Director in place of Shri Kumar Mangalam Birla, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. S.G. Subrahmanyam, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri S.V. Muzumdar, who retires from office by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri M.L. Apte, who retires from office by rotation and being eligible, offers himself for re-appointment.
7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that Smt. Rajashree Birla who was appointed as a Director of the Company pursuant to Article 128 of the Articles of Association of the Company, and Section 262 of the Companies Act, 1956, to fill up the casual vacancy on the Board caused by the demise of Shri Aditya Vikram Birla and is eligible for re-appointment as a Director, and in respect of whom the Company has received a Notice in writing together with requisite deposit under Section 257 of the Companies Act, 1956, from a member expressing his intention to propose her as a candidate for the Office of Director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that Shri B.V. Bhargava who was appointed as a Director of the Company pursuant to Article 128 of the Articles of Association of the Company, and Section 262 of the Companies Act, 1956, to fill up the casual vacancy on the Board caused by the resignation of Shri P.K. Khaitan and in respect of whom the Company has received a Notice in writing together with requisite deposit under Section 257 of the Companies Act, 1956, from a member expressing his intention to propose him as a candidate for the Office of Director, be and is hereby appointed as a Director of the Company liable to retirement by rotation."

9. To consider and, if thought fit, to pass the following resolutions as Special Resolutions relating to the appointment of Auditors for the Company:

a) **"RESOLVED** that Messrs. G.P. Kapadia & Co., Chartered Accountants, Mumbai and Messrs. Lodha & Co., Chartered Accountants, New Delhi, the retiring Auditors

of the Company, be and are hereby re-appointed joint 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, the audit to be carried out by either of the said two firms of auditors at the various locations of the Company at periodical intervals as may be decided by the Company in consultation with them and that the Board of Directors be and is hereby authorised to fix their respective remuneration for the said period."

b) **"RESOLVED** that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Vidyarthi & Sons, Chartered Accountants, Lashkar, Gwalior be and are hereby appointed as Branch Auditors of the Company, to audit the Accounts in respect of the Company's Branch (Textile Division) at Birlanagar, Gwalior and (Vikram Woollens) at Malanpur (Madhya Pradesh) for the year ending 31st March, 1999 and to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the board of Directors be and is hereby authorised to fix their remuneration for the said period."

c) **"RESOLVED** that pursuant to Section 228(3) of the Companies Act, 1956, Board of Directors be and is hereby authorised to appoint any person(s) qualified for appointment as Auditor(s) or an Accountant or Accountants duly qualified to act as Auditor(s) of the Branch offices of the Company situated in Countries outside India, in accordance with the law of that country in which the branch office of the Company is situated, to audit the Accounts for the assessment year 1998-99 of Company's Branch office(s) abroad and to fix their remuneration for the said period."

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 387 and other applicable provisions, if any, of the Companies Act, 1956, the Company doth hereby accord its approval to the re-appointment of Shri Shailendra K. Jain, President, as **"Manager"** of the Company as defined in Section 2(24) of the Companies Act, 1956, in addition to his present designation, for a further period of five years with effect from 01.12.1998 with liberty to either party, to terminate the appointment on three months notice in writing to the other upon the following terms as to remuneration and perquisites as set out hereafter and with further liberty to the Directors from time to time, to alter and vary the terms and conditions, in such manner as may be agreed to between the Directors and Shri Shailendra K. Jain, in the best interests of the Company within the limitations in that behalf as contained in Schedule XIII to the said Act or any amendments, thereof and as may be permissible at law viz.,

i) **Period**

5 years, i.e. 1.12.1998 to 30.11.2003

ii) **Salary**

Upto Rs.2,00,000 (Rupees two lacs only) per month.

(iii) **Provident Fund & Superannuation Fund**

Contribution to Provident Fund and Superannuation Fund as per rules of the Company.

GRASIM INDUSTRIES LIMITED

(iv) **Gratuity**

As per rules of the Company.

(v) **Car** for use on Company's business and telephone at residence shall not be considered as perquisites.

(vi) Medical reimbursement, leave travel concession, personal accident insurance, leave encashment etc. as per rules of the Company.

(vii) **Housing**

Deduction of fair rent from the Manager's monthly salary in respect of the furnished accommodation provided by the Company.

Provided that in the event of absence or inadequacy of profits in any financial year, during the tenure of his office, the minimum remuneration payable to the Manager during that year will be subject to the relevant restrictions in that behalf as to certain perquisites as contained in Schedule XIII to the said Act."

11. 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, 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 are hereby altered as follows:

(i) In the interpretation Clause, at the end of the existing interpretation of "Director" in Article 2, the following shall be inserted, viz.:

(a) "Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996.

(b) "Depositories Act" means the Depositories Act, 1996 and includes where the context so admits, any re-enactment or statutory modification thereof for the time being in force.

(c) "Depository" means a Depository as defined under Clause (e) of sub-section (1) of Section 2 of the Depositories Act.

(ii) After the existing article 15 the following new article 15A shall be inserted, viz.:

15A Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by Court of competent jurisdiction or any by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

(iii) After the existing Article 17(c), the following new Article 17(d) shall be inserted, viz.:

17(d) Notwithstanding anything contained in these Articles, the Company shall be entitled in accordance with the provisions of the Depositories Act, to dematerialise any or all of its Shares,

Debentures and other marketable securities and to offer the same for subscription in a dematerialised form and on the same being done, the Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media, either in respect of the existing shares or any future issue.

(iv) The following shall be inserted as new Articles 46A and 46B after the existing Article 46, viz.:

"Article 45, 46, 50 and 52 not to apply in respect of those entered in the records of the Depository".

46A Nothing contained in Articles 45, 46, 50 and 52 shall apply to the transfer of shares, debentures or other marketable securities effected by the transferor and the transferee, both of whom are entered as beneficial owners in the records of the Depository.

Applicability of Depositories Act:

46B In the case of transfer of shares, debentures or other marketable securities where the Company has not issued any certificate and where shares and securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

Provided that in respect of the Shares, debentures and other marketable securities held by the depository on behalf of a beneficial owner as defined in the Depositories Act, Sections 153, 153A, 153B, 187B, 187C and 372 of the Act, shall not apply.

By Order of the Board

Place : Birlagram, Nagda
Dated : 12th June, 1998

D.N. MAKHARIA
Secretary

NOTES :

(a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(b) THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

(c) Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of items 7, 8, 9, 10 & 11 of the Notice as set out above are annexed hereto.

(d) The Register of Members and the Transfer Books in respect of the Equity Shares will remain closed from Monday, the 22nd day of June, 1998 to Monday, the 20th day of July, 1998, both days inclusive.

(e) Dividend on Equity Shares when sanctioned will be made payable on or after Friday the 7th day of August, 1998 to those Shareholders whose names stand on the Company's Register of Members as on Monday, the 20th day of July, 1998 and to whom dividend warrants will be posted.

(f) Those members who have so far not encashed their

dividend warrants for the financial year ended 31st March, 1995 may claim or approach the Company for the payment as the same will be transferred to the General Revenue Account of the Central Government on or before 28th September, 1998.

- (g) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year 1993-94 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, Madhya Pradesh, Gwalior.
- (h) Members holding more than one share certificate 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.
- (i) Members are requested to notify immediately any change in their address to the Company.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM NO. 7

Smt. Rajashree Birla was appointed as a Director of the Company by the Board of Directors to fill up the casual vacancy on the Board caused by the sad demise of Shri Aditya Vikram Birla. She is eligible for reappointment as a Director liable to retirement by rotation in terms of the relevant provisions of Section 262 of the Companies Act, 1956, and Article 128 of the Articles of Association of the Company. Considering Smt. Birla's background and experience as a Director in other Companies as also her noteworthy contribution particularly towards the social welfare activities of the Company for the last several years along with her late husband Shri Aditya Vikram Birla, the Board feels it beneficial for the Company to continue to avail of her services as a Director of the Company. The resolution is accordingly commended to your acceptance.

Smt. Rajashree Birla and Shri Kumar Mangalam Birla are related to each other and are deemed to be interested in the Resolution.

ITEM NO. 8

Shri B.V. Bhargava was appointed as a Director by the Board in its meeting held on 26.03.1997 to fill up the casual vacancy caused by the resignation of Shri P.K. Khaitan, on 23.8.96 to hold the office till the remainder of the term of Shri P.K. Khaitan. Shri Khaitan was to retire by rotation in this Annual General Meeting. Consequently, Shri B.V. Bhargava shall cease to be a Director at this Meeting.

Shri Bhargava is the ex-Managing Director of Industrial Credit and Investment Corporation of India (ICICI) and a Director on Board of many other Companies. His experience in the corporate field will be of immense benefit to the Company and in respect of whom the Company has received notice from a shareholder u/s 257 of the Companies Act, 1956, signifying his intention to propose Shri B.V. Bhargava as a Director of the Company. The resolution is accordingly commended to your acceptance. No Director, except Shri B.V. Bhargava, is interested in this resolution.

ITEM NO. 9

Although not strictly necessary, this Explanatory Statement is being given in respect of the three Resolutions mentioned in this item of the Notice since the Resolutions for the re-appointment of the retiring Auditors and for the Branch Auditors

will be proposed as Special Resolutions, in view of the provisions contained in Section 224A & 228(3) of the Companies Act, 1956. The Auditors have forwarded the respective Certificates to the Company, stating that the re-appointment, if made will be within the limit in that behalf specified in sub-section (1-B) thereof.

The special resolutions as in this item of the Notice are accordingly commended for the acceptance of the members.

ITEM NO. 10

Shri Shailendra K. Jain was appointed as Manager of the Company w.e.f. 1.12.1993 for a period of five years which term of office expires on 30.11.1998. Due to the excellent services put in by him, the Board of Directors have proposed his re-appointment subject to the approval of Shareholders in a general meeting, as Manager of the Company as per the terms set out in Resolution No. 10 of the Notice. Shri Shailendra K. Jain has been associated with the Company for over 30 years and is fairly conversant with all aspects of the management and the affairs of the Company. He, with his vast experience and high qualifications eminently qualifies for an extension of his term of office as aforesaid. The terms of remuneration, as set out in the resolution are considered to be just, fair and reasonable and are in accordance with the prevailing standards paid to persons similarly placed in industry. Liberty is also reserved to vary inter-alia the terms as to remuneration in conformity with the requirements of Schedule XIII to the Companies Act, 1956, for the time being in force and as may be permissible at law.

Accordingly the resolution mentioned in Item 10 of the notice is being proposed for approval by the members in General Meeting to comply with the requirements of Schedule XIII of the Companies Act, 1956.

None of the Directors is interested in the Proposed Resolution.

ITEM NO. 11

Consequent upon the passing of the Depositories Act, 1996 and the setting up of the National securities Depository Limited (NSDL) and considering the benefits of scripless trading, the Company, with a view to provide better services to investors, has entered into an Agreement with NSDL to have electronic depository facilities for the shares of the Company.

Certain provisions of the Articles of Association pertaining to issue, holding, transfer, and other dealings in shares and other securities as also issue of certificates thereof which were framed on the basis of the relevant provisions of the Companies Act, 1956, are being amended so as to facilitate the functioning of the Depository System.

Consequently, addition of some Articles in the Articles of Association of the Company pertaining to issue, holding and dealing in scripless shares and securities are necessary so as to bring them in line with the relevant provisions of the Depositories Act and to give effect to the practical aspects of the Depository System. The same are self explanatory.

A copy of the existing Memorandum and Articles of Association of the Company together with the proposed alterations are available for inspection between the hours of 3 p.m. to 5 p.m. on all working days upto the date of the Annual General Meeting.

The Board commends the resolution mentioned at Item No. 11 of the Notice for your acceptance.

By Order of the Board,

Place : Birlagram, Nagda
Dated : 12th June, 1998

D. N. MAKHARIA
Secretary