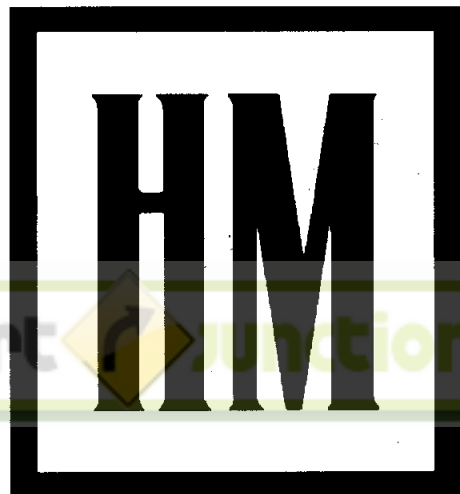


ANNUAL REPORT  
AND ACCOUNTS  
2000-2001



**Hindustan Motors Limited**



## HINDUSTAN MOTORS LIMITED ANNUAL REPORT

Year Ended March 31, 2001

### Board of Directors

Shri C. K. Birla	Chairman
Shri G. D. Kothari	
Shri Pradip Kumar Khaitan	
Shri A. Sankaranarayanan	Managing Director
Dr. Anand C. Burman	
Shri Kranti Sinha	
Shri S. Doreswamy	IDBI Nominee
Shri A. Karati	ICICI Nominee
Shri B. K. Chaturvedi	Executive Director

### Company Secretary

Shri G. N. Pareek

### Bankers

UCO Bank  
Bank of India  
United Bank of India  
Bank of Baroda  
State Bank of India

### Auditors

Messrs. S. R. Batliboi & Co.  
Chartered Accountants

### Share Transfer Agents

Karvy Consultants Limited  
46, Avenue 4, Street No. 1  
Banjara Hills  
Hyderabad 500 034

### Registered Office

'Birla Building'  
9/1, Rajendra Nath Mukherjee Road  
Kolkata 700 001

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**HINDUSTAN MOTORS LIMITED****Notice to the Shareholders**

NOTICE is hereby given that the Fiftyninth Annual General Meeting of the Shareholders of HINDUSTAN MOTORS LIMITED will be held at Calcutta Ice Skating Rink, 78, Syed Amir Ali Avenue, Kolkata 700 019 on Tuesday, the 24th July, 2001 at 3 p.m. to transact the following business :-

**AS ORDINARY BUSINESS :**

- (1) To receive, consider and adopt the Audited Statements of Account of the Company together with the Directors' Report as also the Auditors' Report for the year ended 31st March, 2001.
- (2) To appoint a Director in place of Shri Kranti Sinha, who retires by rotation and being eligible offers himself for re-appointment.
- (3) To appoint a Director in place of Shri G. D. Kothari, who retires by rotation and being eligible offers himself for re-appointment.
- (4) To consider and, if thought fit, to pass the following resolution as a **Special Resolution**, relating to the appointment of the Auditors of the Company :

"RESOLVED THAT Messrs. S R Batliboi & Co., Chartered Accountants, the retiring Auditors, be and they are hereby re-appointed as Auditors of the Company under Section 224 read with Section 224A and other applicable provisions, if any, of the Companies Act, 1956 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a gross remuneration of Rs. 18,00,000/- (Rupees eighteen lacs only) per annum exclusive of reimbursement of out-of-pocket expenses, as may be incurred by the Auditors on travelling, boarding and lodging at the Company's factories and its other branches outside Calcutta which shall also be borne by the Company and that the said remuneration be paid to the Auditors in four equal quarterly instalments."

**AS SPECIAL BUSINESS :**

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

**(5) As a Special Resolution :**

"RESOLVED THAT pursuant to the provisions of Article 107 of the Articles of Association of the Company and Sections 198, 257, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approval, as may be necessary, the Company doth hereby approve the appointment of Shri B. K. Chaturvedi as a Director not liable to retire by rotation as well as a Whole-time Director designated as Executive Director of the Company for a period of five years with effect from 23rd January 2001, with liberty to either party to terminate the appointment on three months' notice in writing to the other, at a remuneration and on terms set out below :-

1. Salary (Basic) per month : Rs. 125000/- in a time scale of Rs. 125000 - 250000 - 200000.  
Annual increment of Rs. 25000/- shall be payable on 1st August of each year.
2. Other allowances :
  - a) Servants' salary reimbursement : Actual expenses subject to a maximum of Rs. 1,20,000/- per annum.
  - b) Soft furnishing reimbursement : Actual expenses subject to a maximum of Rs. 1,00,000/- per annum
3. Perquisites :
  - a) Housing I : Expenditure by the Company on hiring furnished accommodation for the Director subject to a maximum of 60% of salary or the present rental being paid by the Company for the purpose, whichever is higher.  
Or
  - Housing II : In case Company owned furnished accommodation is provided no allowance shall be paid.  
Or



- Housing III : In case no accommodation is provided by the Company the Director shall be entitled to 60% of the salary as and by way of House Rent Allowance.
- b) Medical reimbursement : Expenditure incurred for the Director and his family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- c) Leave Travel concession : Reimbursement of expenditure incurred for the Director and his family once in a year subject to a maximum of one month's salary.
- d) Club Fees : Actual fees for a maximum of two clubs subject to a maximum of Rs. 50,000/- per annum. This will not include admission fee and life membership fees.
- e) Magazines/Books : Reimbursement of actual expenditure subject to a maximum of Rs. 50,000/- per annum.
- f) Gas/Electricity : Reimbursement of actual expenditure subject to a maximum of Rs. 50,000/- per annum.
- g) Hospitalisation Insurance : As per scheme of the Company.
- h) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will be as per Scheme of the Company.
- i) Gratuity payable shall be at a rate not exceeding half a month's salary for each completed year of service as per Scheme of the Company.
- j) Encashment of unavailed leave at the end of the tenure or at specified intervals will be as per Scheme of the Company.
- k) Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Director.
4. In addition to the above, the Director shall be entitled for an ex-gratia payment of Rs. 4,00,000/- per annum.
5. Minimum Remuneration : The remuneration as specified at Sl. Nos. 1 to 4 above subject to the approval of the Central Government, shall continue to be paid to Shri B. K. Chaturvedi as and by way of Minimum Remuneration notwithstanding the loss or inadequacy of profit during the tenure of his office.
6. The Executive Director shall exercise such powers and shall be subject to such other terms and conditions as the Board of Directors may decide from time to time."

(6) **As a Special Resolution :**

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, the Company doth hereby approve keeping of the Register of Members and the Index of Members in respect of Equity Shares of the Company at the office of M/s Karvy Consultants Ltd., 49, Jatin Das Road, Kolkata 700 029 or any other office where M/s Karvy Consultants Ltd. may shift its operation from time to time in the city of Kolkata under the approval of its Chairman for the time being in office, instead of being kept at the Registered Office of the Company.

RESOLVED FURTHER THAT the Registers, Indexes, Returns, Books, Certificates and documents of the Company required to be maintained and kept open for inspection, under the provisions of the Companies Act, 1956, be kept open for such inspection at the place where they are kept, by the persons entitled thereto, to the extent, in the manner and on payment of fees, if any, specified in the aforesaid Act between 2 PM and 4 PM on any working day of the Company except when the Registers and Books are closed under the provisions of the Act or under the Articles of Association of the Company, provided, however, that the Register required to be maintained under Section 307 of the said Act shall be open for inspection of the Members and holders of the Debentures and Bonds of the Company, as aforesaid, between the hours above mentioned but during the period prescribed by Sub-section (5)(a) of Section 307."

**HINDUSTAN MOTORS LIMITED****(7) As a Special Resolution :**

"RESOLVED THAT pursuant to provisions of Section 17(1)(d) and other applicable provisions, if any, of the Companies Act 1956 the Object Clause of the Memorandum of Association of the Company be and the same is hereby altered in the following manner :—

In Clause 3 of the Memorandum of Association of the Company insert the following new sub-clause after sub-clause (9) :-

'(9A) To carry on the business of Medical Transcription, Legal Transcription, Insurance Transcription, Medical Billing and other similar or allied services in India or elsewhere.'"

Registered Office :  
'Birla Building'  
9/1, Rajendra Nath Mukherjee Road,  
Kolkata 700 001  
Dated, the 16th May, 2001

By Order of the Board,  
For HINDUSTAN MOTORS LIMITED

**G N Pareek**  
Company Secretary

- NOTES: 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting.
3. Members who have shareholdings in multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the Registrars & Share Transfer Agents, M/s Karvy Consultants Ltd. at 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034 for consolidation of all such shareholdings into one account to facilitate better service.
4. The Register of Members and Shares Transfer Books of the Company will remain closed from 17th July, 2001 to 24th July, 2001 (both days inclusive).
5. (a) Members are requested to notify change of address, if any, with PINCODE to the Company or its Share Transfer Agents quoting reference of their folio number and in case their shares are held in dematerialised form, this information should be passed on to their respective Depository Participants.  
(b) In case the mailing address mentioned on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
6. A member desirous of getting any information on the accounts or operations of the Company or share/debenture related matter is requested to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
7. Pursuant to section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended March 31, 1990 (there being no dividend thereafter upto and including the year 1994-95) have been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4 A J C Bose Road, Kolkata 700 020 by submitting an application in Form No II.  
Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of seven years from the date the same became due for payment shall be transferred to the Investor Education and Protection Fund.
8. **Depository System**  
The Company, consequent to introduction of the Depository System, entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.  
Effective 17th January 2000, trading in shares of the Company on any Stock Exchange is permitted only in dematerialised form.
9. Individual shareholders can now take the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of the death of the shareholder and the joint holder(s), if any. A minor can be a nominee provided the name of the Guardian is given in the Nomination Form. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further details in this regard shareholders may contact M/s Karvy Consultants Limited.
10. In all correspondence with the Company or its Share Transfer Agents, members are requested to quote their account/folio number and in case their shares are held in the dematerialised form, they must quote their client ID Number and their DP ID Number.





## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT

The following Explanatory Statements relating to Special Business at Item Nos. 5, 6 and 7 of the accompanying Notice sets out all material facts as required under Section 173 of the Act :

#### Item No. 5

In view of the present restructuring of the business plan of the Company and its focus on automobile business which is over ridden by fierce competition amongst too many players, it was considered to be in the interest of the company to appoint Shri B K Chaturvedi, President (Auto Business) of the Company as an Additional Director on whole-time basis. Shri B K Chaturvedi is a B.E. (Mech.) and a Post Graduate in Business Administration. He has vast experience in the Automobile Business for the last 22 years and has a proven track record to insulate a company from the onslaught of competition in terms of quality and price. He has practical experience to re-shape the automobile business.

Accordingly, the Board of Directors of the Company at its meeting held on 23rd January 2001 had appointed Shri B K Chaturvedi as an Additional Director and also as Whole-time Director designated as Executive Director for the period of five years with effect from 23rd January, 2001 on the salient terms and condition of the appointment as set out in the Resolution in Item No. 5 of the convening notice subject to the approval of the shareholders in General Meeting in due course.

An Additional Director holds office as a Director only up to the date of ensuing Annual General Meeting pursuant to Section 260 of the Companies Act, 1956.

The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the name of Shri B K Chaturvedi for appointment as Director of the Company. The Board of Directors of the Company considers that the appointment of Shri B K Chaturvedi as Director of the Company will prove beneficial to the Company.

The appointment and remuneration payable to Shri B. K. Chaturvedi as Executive Director require the approval of the Company in General Meeting in terms of Part III of Schedule XIII of the Act and the remuneration so payable to him also requires the approval of the members of the Company in General Meeting under Section 309 of the Act.

Accordingly, your Directors recommend the Resolution set out in Item No. 5 of the convening Notice.

An extract of the terms of appointment and remuneration payable to Shri B. K. Chaturvedi, as Executive Director with effect from 23rd January 2001 has already been circulated on 7th February, 2001 to the members as required under Section 302 of the Companies Act, 1956.

Shri B. K. Chaturvedi is deemed to be concerned or interested in the Resolution, which pertains to his appointment and remuneration payable to him.

None of the other Directors is in any way concerned or interested in the Resolution.

#### Item No 6

Under Section 163 of the Companies Act, 1956, certain documents which are normally required to be kept at the Registered Office of the Company may be kept at any other place of the same city at which the Registered Office of the Company is situated if such other place has been approved for the purpose by a Special Resolution passed by the Company in General Meeting.

M/s Karvy Consultants Limited were appointed as Registrars and Share Transfer Agents for Ordinary Shares of the Company with effect from 1st February, 2001. It has, therefore, become necessary to keep the Register of Members and the Index of Members in respect of Ordinary Shares of the Company at the office of M/s Karvy Consultants Limited at 49 Jatin Das Road, Kolkata - 700 029. Approval of the Members is sought in terms of Section 163 of the Companies Act, 1956. The time for inspection of documents by the shareholders or such persons as are entitled to such inspection will be between 2 PM and 4 PM on every working day of the Company with prior notice.

None of the Directors is in any way concerned or interested in the Resolution.

#### Item No 7

In order to tap the large market potential for Medical Transcription business, the Company may like to carry on the business of Medical Transcription i.e. digitization of medical records. Such digitization is mandatory in USA and India is considered by them as the most favoured country for this business mainly because of the time difference between USA and India which enables doctors in USA to get reports of their medical dictations by the time they get back to their work, the next day. At present, the medical transcription production centres in India are largely in unorganized sector and are run by very small players who are usually sub-contractors. The Company can undertake the work directly from clients in USA at more remunerative rates. Similarly, the Company may consider to venture into similar business of Legal Transcription, Insurance Transcription, Medical Billing and allied services if the Medical Transcription business is found to be successful. The Company has sufficient under-utilized/unutilized skilled manpower, office space, furniture and other infrastructure required for this business at its Uttarpara Division and the proposed new business under the existing circumstances may conveniently and advantageously be combined with the present business of the Company. Adequate synergy exists between the present and proposed businesses of the Company.

The Board recommends the Resolution under this item of the Notice for your approval.

None of the Directors is in any way concerned or interested in the Resolution.

**HINDUSTAN MOTORS LIMITED****Directors' Report to the Shareholders**

Your Directors present their Fifty-Ninth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2001.

**Financial Results**

The revenue account shows a loss of Rs. 1896.91 lacs after providing Rs. 4524.52 lacs for depreciation and Rs. 9.00 lacs for wealth tax and after taking into account the profit arising from the sale of Earthmoving Equipment Division. After taking into account the credit balance of Rs. 293.62 lacs brought forward from the previous year and writing back of debenture redemption reserves amounting to Rs. 1657.36 lacs and excess provision for taxation for previous years amounting to Rs. 447.45 lacs, there remains a credit balance of Rs. 501.52 lacs, which your Directors have decided to carry forward. In view of the loss incurred, your Directors do not recommend any dividend for the year under review.

**Review of Operations****Automobiles**

There was a general slow down in the passenger car market in 2000-01 with a decline in the overall sales by 7.8%. Sales of vehicles at the Company's Uttarpara plant were marginally lower at 19992 numbers as against 21170 numbers in the previous year.

The Lancer car manufactured by the Company in collaboration with Mitsubishi Motors, Japan has been rated as the "best quality car" for the second consecutive year in the JD Power, Asia Pacific — IIQS, APEAL surveys. This car has been well received in the market and has established a niche for itself in this segment. During the year, 7634 Lancer cars were sold against 8300 numbers in the previous year. Development of indigenous sources for various components progressed quite satisfactorily and helped the Company to improve product margins.

There is an increasing awareness of the need to switch over to environment-friendly fuel such as compressed natural gas (CNG). The Company has responded to this development by marketing its Ambassador car with CNG fuel option. With expected availability of CNG in other cities, the Company is well geared up to cater to this market.

The Company's Lancer car and all models of Ambassador car are Euro II compliant.

Sales of multi-utility vehicles manufactured at Indore (RTV) increased to 574 numbers during the year

against 140 numbers in the previous year. The Company launched the CNG version of RTV in FY 2000-2001, which was well accepted in the market, particularly in Delhi. The Company was the first manufacturer in the country to market a utility vehicle with a CNG option.

**Sale of Earthmoving Equipment Division**

With liberalisation of foreign direct investment and imports, the Company's business in the area of earthmoving equipment became increasingly competitive and highly specialised. Considering this and as a part of restructuring and streamlining of the Company's business, your Company negotiated and entered into a Business Transfer Agreement on 13th November, 2000 with Caterpillar Inc., USA to sell the undertakings for manufacture of earthmoving equipment at Pondicherry and Thiruvallur near Chennai to its nominee for a negotiated consideration of Rs. 337.50 crs including the value of net current assets estimated at Rs. 187 crs at completion. In terms of the Business Transfer Agreement, the valuation would change to the extent the actual net current assets were higher or lower than the estimated level of Rs. 187 crs.

Pursuant to the resolution passed in the extra-ordinary general meeting of the Company held on 19th December, 2000 and after obtaining all other applicable sanctions and approvals, the entire Earthmoving Equipment Division of the Company was sold to Caterpillar India Private limited (CIPL) - a wholly owned subsidiary of Caterpillar Inc., USA - effective 9th February, 2001. All the assets and liabilities pertaining to this Division were transferred to Caterpillar India Private Limited and the profit arising therefrom has been accounted for during the year under review. The net current assets as on the date of transfer were of the order of Rs. 159.17 crs as compared to the earlier estimate of Rs. 187 crs. As stated in the Agreement, the total consideration was adjusted to the extent of the difference between the estimated net current assets and the actual net current assets as on the date of transfer.

In terms of the provisions of the Business Transfer Agreement, the Company received the amount of the consideration from Caterpillar on the date of transfer except for the amount relating to Accounts Receivables payment for which, as per the agreement, would be made to the Company by the Purchaser as and when the receivables are collected. Receivables



for an amount of Rs. 49.45 crs were yet to be realised as on March 31, 2001. This amount would be paid to the Company by CIPL as and when the outstanding receivables are collected by them from the customers.

Due to recessionary conditions in the mining industry particularly in the coal sector, sales of earthmoving equipment were lower at 389 numbers for the period ended 8th February 2001 as against 581 numbers in the previous year.

#### **Power Products Division**

Sales of transmissions during the year under review were marginally lower at 706 numbers as against 750 numbers in the previous year. This was mainly due to reduced off-take by the earthmoving equipment manufacturers for the reasons explained earlier.

During the year under review, the Company introduced, for use in buses, on-highway transmissions imported from Allison Transmission Division of General Motors, USA in terms of the marketing arrangement entered into with them.

#### **Outlook for the Future**

The car market is expected to revive in the coming months partly because of reduction in the excise duty on cars from 40% to 32%. Besides, the Company's initiative to offer CNG version of vehicles would help in increasing sales volumes.

It is expected that the demand for on-highway transmissions marketed by the Power Products Division will increase in the coming years when major bus fleet operators and state transport undertakings switch over to automatic transmissions.

#### **Foreign Exchange Earnings and Outgo**

During the year under review, automobiles, transmissions, power units and components were exported for a total value of Rs. 1405 lacs. The Company is looking for opportunities for increasing exports. Detailed particulars regarding foreign exchange earnings and outgo are given in item numbers 19, 20 and 21 of Schedule 21 read with item no. 1(III) thereof.

#### **Finance**

During the year under review, fully convertible debentures aggregating to Rs. 53.42 crores were converted into equity shares at par as per terms of the offer. Accordingly, the share capital of the Company stands increased to Rs. 161.26 crores. Out of the sale proceeds of Earthmoving Equipment

Division, the Company had repaid a substantial portion of term loans and cash credit / working capital demand loans. This will reduce the interest burden of the Company substantially. During the year under review, the Company's investments in General Motors India Limited (GMI) by way of redeemable preference shares were redeemed to the extent of Rs. 8.50 crores and the balance amount of Rs. 8.00 crs has been redeemed during the current financial year.

#### **Deposits**

The Company has not accepted any fixed deposit in terms of Companies (Acceptance of Deposits) Rules, 1975 and there is no amount of principal or interest outstanding on the said account as on the date of the Balance Sheet.

#### **Human Resources Development and Industrial Relations**

The Company continues to place emphasis on training of its employees to integrate their skills with needs of the organisation. Relations between the management and the employees continued to be cordial.

#### **Statutory Declaration**

In terms of the recent amendment to Section 217 of the Companies Act, 1956, a Directors' responsibility statement is given in the Annexure to this report.

The particulars of employees to be disclosed as per the provisions of sub-section (2A) of the said section are also given in the Annexure to this report.

Additional information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under sub-section (1)(e) of the same said section read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 has also been given in the Annexure to this report.

A cash flow statement for the year 2000-01 is attached to the enclosed Annual Accounts.

#### **Corporate Governance**

The Securities and Exchange Board of India (SEBI) introduced a uniform code of corporate governance by way of amendments to the listing agreements with stock exchanges. This becomes operational for your Company for the year ending March 31, 2002. While the Company is in compliance with most of the requirements prescribed on corporate governance, the following initiatives have been



**HINDUSTAN MOTORS LIMITED**

taken to ensure that all the aspects are fully covered before March 2002 :

- ❑ Seven out of nine directors on the Board are non-executive and independent directors drawn from amongst the persons with experience in business and industry, finance and law. The Board of Directors is headed by a non-executive Chairman.
- ❑ The Company has constituted an Audit Committee as far back as May 1987 and four out of the five members of the Committee are non-executive and independent directors. The Audit Committee regularly interacts with the head of the internal audit department to review audit plans, observations and implementation of corrective action.
- ❑ The Company has also constituted Shareholders' /Investors' Grievances Committee consisting of three Directors two of which are non-executive and independent directors.

**Auditors**

The observations made by the auditors in their report are self-explanatory. The relevant notes to the accounts also clarify the points referred to by the Auditors. There are, therefore, no further comments necessary under Section 217A(3) of the Companies Act, 1956. Your Directors request you to reappoint auditors for another term of one year beginning from the conclusion of the ensuing Annual General Meeting till the conclusion of the following Annual General Meeting and approve their remuneration as specified in the concerned resolution attached to the notice convening the Annual General Meeting.

**Subsidiary Companies**

The latest accounts of the subsidiary companies, namely, Hindustan Motor Finance Corporation Limited and HM Export Limited are given in the Annexure.

**Directors**

During the year under review, Shri S. Mukherji, nominee of ICICI, resigned from the Board of

Directors with effect from 7th September 2000 and in his place Shri A. Karati was nominated as Director with effect from 7th September 2000. Sarvashri A. C. Muthiah and Narayanan Sankar have resigned from the Board of Directors of the Company and their resignations were accepted by the Board with effect from 19th December 2000 and 23rd January 2001 respectively. The Board places on record its high appreciation of the valuable services rendered by Shri Mukherji, Shri Muthiah and Shri Narayanan Sankar during their tenure as Directors of the Company. Shri A. Sankaranarayanan, Executive Director was redesignated as Managing Director of the Company with effect from 23rd January 2001. Sarvashri G D Kothari and Kranti Sinha retire by rotation from the Board of Directors of the Company and being eligible offer themselves for reappointment.

Shri B K Chaturvedi was appointed as an Additional Director of the Company with effect from 23rd January 2001 and vacates his office at the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company. The Company has also appointed him as a Whole-time Director designated as Executive Director for a period of five years with effect from 23rd January 2001.

**Appreciation**

Your Directors wish to acknowledge and thank the Central and State Governments for their support and guidance. Your Directors also thank our shareholders, customers, business associates, financial and investment institutions and commercial banks for the faith reposed by them in your Company and its Management. Your Directors also place on record their deep sense of the appreciation for dedication and commitment of the employees of your Company. They have been and continue to be instrumental in laying down Company's future plans and policies.

For and on behalf of the Board of Directors

9/1 Rajendra Nath Mukherjee Road,  
Kolkata - 700 001, the 16th May, 2001.

**C. K. Birla**  
Chairman



## Annexure to the Directors' Report

### a) DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors confirms :

- A. That in the preparation of the annual accounts, for the year ended 31st March 2001, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed, except the following accounting standards as stated below :
- **Accounting Standard 2 — Valuation of inventories**  
The Company, in view of the provisions of Section 145A of the Income Tax Act, 1961 continues to follow the Modvat/Cenvat inclusive method of accounting in respect of purchases, consumption and inventories, as referred to in Note no. 8(a) of Schedule 21 to the Accounts.
  - **Accounting Standard 15 — Accounting for Retirement benefits**  
The practice being followed by the Company in respect of accounting for leave liability, contribution towards meeting gratuity liability and payments being made to employees who have opted for monthly payments under Voluntary Early Retirement Schemes, on cash basis have been referred to in Notes 8(b), 8(c) & 8(d) respectively, of Schedule 21 to the Accounts.
- B. That the Directors have adopted such accounting policies and have applied them consistently and have made judgements and estimates in a reasonable and prudent manner so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss of the Company for the year.
- C. 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, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- D. That the Directors have prepared the annual accounts on a going concern basis.



For and on behalf of the Board of Directors

9/1, Rajendra Nath Mukherjee Road,  
Kolkata - 700 001, the 16th May, 2001

**C. K. Birla**  
Chairman