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ANNUAL REPORT & ACCOUNTS 1996-97



**KESORAM
INDUSTRIES
LIMITED**



Our Chairman Syt. B. K. Birla



The Group Logo — As represented by the 21st Century Atlas

Atlas, the Titan — Collective Strength

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management while emphasising the Group's tenacity, consistency, reliability and overall leadership.

The Sun — Enlightenment and Growth

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group — both in its industrial prowess and its financial, technological and intellectual skills.

The Earth Segments — Diversified Activities

Each of the latitudes around the Titan represent various sections — industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group, made up of its diverse activities.

The Globe — Global Vision

The Group's global presence and vision is reflected in the entirety of the Earth's sphere.

The Base — Solid Foundations

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

The Symmetry — The Resilience, Versatility and Stability

Seen in its entirety, each of the elements — Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well conceptualised and balanced conglomerate.

Strong Foundation

Sustained Growth

Proven Leadership

78th ANNUAL REPORT & ACCOUNTS 1996-97

Shareholders seeking information on accounts published herein are requested to send their queries to the Company at least TEN days before the date of the Meeting.



Supplying of copies of Annual Reports at the Annual General Meeting had been stopped in view of the high cost of paper and printing. The members are, therefore, requested to bring their copies of the same at the Meeting.



**Kesoram
Industries
Limited**

Directors

Syt. B. K. Birla

Chairman

Shri K. G. Maheshwari

Shri Pramod Khaitan

Shri B. P. Bajoria

Shri P. K. Choksey

Shri Girish Mehta

(Nominee of I.C.I.C.I.)

Shri B. R. Gupta

(Nominee of L.I.C.)

Shri Amitabha Ghosh

(Nominee of UTI)

Shri P. K. Mallik

Shri K. K. Khemka

(Manager of the Company)

Senior Executives

Shri K. K. Khemka

Senior President (Rayon &

T.P. Sections)

Shri S. K. Birla

Senior President (Textile Section)

Shri S. K. Parik

Senior President

(Finance & Taxation) & Secretary

Shri K. C. Jain

Senior President (Cement Sections)

Shri S. K. Ojha

President

(Spun Pipes & Foundries Section)

Shri J. D. Palod

President

(Rayon Section & T.P. Sections)

Shri O. P. Poddar

President

(Commercial - Cement Sections)

Shri P. K. Goyenka

President

(Vasavadatta Cement Section)

Auditors

Messrs Price Waterhouse

Bankers

State Bank of India

Standard Chartered Bank

Citi Bank N.A.

Allahabad Bank

The Hongkong & Shanghai

Banking Corporation

UCO Bank

Central Bank of India

Canara Bank

Oriental Bank of Commerce

American Express Bank Ltd.

The Bank of Rajasthan Ltd.

State Bank of Bikaner & Jaipur

Registered Office

9/1, R. N. Mukherjee Road

Calcutta - 700 001

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NOTICE**TO THE MEMBERS**

NOTICE is hereby given that the Annual General Meeting of KESORAM INDUSTRIES LIMITED will be held on Friday the 4th July, 1997 at 10.00 A.M. at 'KALA KUNJ', 48, Shakespeare Sarani, Calcutta-700 017, to transact the followings business :

1. To consider and adopt the Reports of the Auditors and the Directors and the Audited Accounts of the Company for the year ended 31st March, 1997.
2. To declare dividends on the Preference and Ordinary Shares for the year ended 31st March, 1997.
3. To appoint Directors in place of Sarvashree B. K. Birla, B. P. Bajoria and K. G. Maheshwari, who retire by rotation, and being eligible, offer themselves for re-election.
4. To appoint auditors and fix their remuneration and in that connection to pass the following resolution :
 "That pursuant to the provisions of Section 224A of the Companies Act, 1956, Messrs Price Waterhouse, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company until conclusion of the next Annual General Meeting and the Board of Directors be and is hereby authorised to fix their remuneration."

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution :

5. "RESOLVED that Shri K. K. Khemka, an Additional Director of the Company, who shall hold office upto the date of this Annual General Meeting as per provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed a Director of the Company."

To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution :

6. "RESOLVED that the consent be and is hereby granted to the Board of Directors of the Company to permit acquisition/purchase by Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) and Overseas Commercial Bodies (OCBs) under the Portfolio Investment Schemes of shares/debentures of the Company, subject to the following conditions :
 (i) The aggregate of purchases/acquisitions through primary or secondary market of ordinary shares/convertible debentures by NRIs/OCBs/FIIs both on repatriation and non-repatriation basis, shall be within the respective overall ceilings of :
 (a) 30% of the total paid-up ordinary capital of the Company, and
 (b) 30% of the total paid-up value of each series of convertible debentures of the Company.
 (ii) Investments made on repatriation basis by any single Non-Resident Investor in the ordinary/preference shares and convertible debentures of the Company shall not exceed 1% of the total paid-up ordinary capital of the Company or 1% of the total paid-up value of such series of convertible debentures of the Company, as the case may be.
 (iii) Investments made by any single Foreign Institutional Investors (FIIs) shall not exceed —
 (a) 10% of the total paid-up ordinary capital of the Company ; and
 (b) 10% of the total paid-up value of each series of convertible debentures of the Company.

RESOLVED FURTHER that the consent, as aforesaid, shall be subject to such approvals, if any, as may be necessary and to the conditions/modifications, if any, that may be prescribed while granting such approvals, which the Board is hereby authorised to agree to and accept.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts and things including execution of documents, as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or consequential or incidental thereto."

By Order of the Board

Registered Office :
 9/1, R. N. Mukherjee Road
 Calcutta-700 001
 Dated, the 9th day of May, 1997

S. K. PARIK
 Senior President (Finance & Taxation)
 & Secretary

Notes :

1. A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member. Proxies should be received by the Company not less than 48 hours before the Meeting.
2. The Register of Members of the Company will remain closed from 11th June, 1997 to 4th July, 1997 (both days inclusive).

3. The instruments of share transfers, complete in all respects, should reach the Company prior to closure of the Register of Members, as stated above.
4. The payment of Dividend on Shares, if declared at the said Meeting, will be made to those members whose names shall appear on the Company's Register of Members on 4th July, 1997 or to their mandates/bankers and dividend warrants will be despatched on 17th July, 1997.
5. In case the relevant provisions of Finance Bill, 1997 are passed, no tax will be deducted at source on payment of dividend and accordingly, Form 15G will become irrelevant.
6. Members are requested to bring with them the printed Annual Report being sent to them, along with the Notice, to avoid inconvenience.
7. As per provisions of Section 205A of the Companies Act, 1956, the Company has already transferred to the General Revenue Account of the Central Government the amount of all unclaimed dividends declared upto and including the financial year ended 31st March, 1993. Hence, to claim dividend upto the said period, the members are advised to approach the Registrar of Companies, West Bengal, 234/4, Acharya Jagadish Chandra Bose Road, Calcutta-700 020.
8. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Secretary of the Company well in advance so that the same are received at least seven days before the date of the Meeting to enable the Management to keep the information readily available at the Meeting.
9. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company to consolidate their holdings in one folio.
10. Members are requested to notify change in address, if any, immediately to the Share Department of the Company quoting their folio numbers.
11. Members residing at the four Metro Cities of Calcutta, Mumbai, Delhi and Chennai may opt for Electronic Clearing System (ECS), for which necessary Form is enclosed herewith.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Shri K. K. Khemka was appointed as an Additional Director of the Company in the month of November, 1996 and shall hold office upto the date of the next Annual General Meeting of the Company.

The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member signifying his intention for appointment of Shri K. K. Khemka as a Director of the Company.

Considering his varied experience in management and administration it will be in the interest of the Company to appoint him a Director.

Your Directors recommend appointment of Shri Khemka as a Director.

None of the Directors except Shri K. K. Khemka is interested or concerned in the Resolution.

Item No. 6

Under the existing guidelines/notifications of the Reserve Bank of India (RBI) :

- (i) NRIs/OCBs are eligible to invest in ordinary shares/debentures (convertible) of Indian Companies, subject to an overall ceiling of the 24% of the total paid-up ordinary capital and 24% of the total paid-up value of each series of convertible debentures provided that investment made by a single NRI/OCB shall not exceed 1% of the paid-up capital of such Company.
- (ii) FIIs may invest within an overall ceiling of 24% of the total paid-up ordinary capital of the Company, such ceiling to include the investment by NRIs and OCBs.

By a recent amendment, RBI has permitted Indian companies listed on recognised stock exchanges subject to approval by a general body resolution permitting NRIs/OCBs to acquire shares/debentures upto 30% instead of the 24% limit mentioned above provided, however that the overall ceiling of 30% or such other limit as may be prescribed for investments to be made by FIIs, NRIs and/or OCBs shall be maintained.

With the current liberalisation Foreign Investment in India is receiving tremendous encouragement. It is thus imperative that the Company also takes benefit of such liberalisation and therefore would like to facilitate participation by FIIs/NRIs/OCBs in the Company's capital structure.

Hence, the Resolution is being proposed.

No Director of the Company is interested in the Resolution.

REPORT OF THE DIRECTORS**FOR THE YEAR ENDED 31ST MARCH, 1997**

Dear Members,

We have pleasure in presenting the Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 1997. We feel that the performance is satisfactory in view of the present unsatisfactory economic situation of the country.

FINANCIAL RESULTS

	31st March, 1997 Rs.	31st March, 1996 Rs.
Turnover (including Inter-Section Transfers)	6,07,20,99,919	5,93,90,45,397
Gross Profit	72,86,84,157	75,17,57,467
Add : Company's share of Profit of 'Birla Tyres'	2,96,16,494	2,29,90,246
	75,83,00,651	77,47,47,713
Less : Depreciation (Net)	29,87,03,503	30,80,38,372
	45,95,97,148	46,67,09,341
Less : Provision for Minimum Alternative Tax (MAT)	6,00,00,000	—
	39,95,97,148	46,67,09,341
Add :		
i) Transfer from Investment Allowance Reserve no longer required	2,74,00,000	3,73,95,000
ii) Transfer from Development Grant/Subsidy on Fixed Assets fully depreciated	7,50,000	—
iii) Balance of Profit & Loss Account brought forward from last year	25,97,32,549	11,10,33,038
Amount available for appropriation which the Directors have appropriated as under :	68,74,79,697	61,51,37,379
i) Debenture Redemption Reserve (Net)	9,58,00,000	9,13,29,400
ii) Proposed Dividends	12,00,77,276	6,40,75,430
iii) Tax on Proposed Dividends [Refer Note (b)]	1,20,07,728	—
iv) General Reserve	20,00,00,000	20,00,00,000
v) Balance carried forward to next year	25,95,94,693	25,97,32,549
	68,74,79,697	61,51,37,379

DIVIDENDS

We recommend the following dividends for the year ended 31st March, 1997 for consideration and approval of the shareholders at the ensuing Annual General Meeting of the Company :

	31st March, 1997 Rs.	31st March, 1996 Rs.
On 15,00,000 Redeemable Cumulative Preference Shares of Rs. 100 each @ 17.5% per annum — (Proportionate on the basis of periods and to the extent amounts called and paid-up during 1996-97 and 1995-96)	2,32,71,884	25,53,996
On 3,99,844 Redeemable Cumulative Second Preference Shares of Rs. 100 each @ 14% per annum	55,97,816	55,97,816
— On 3,35,31,870 Ordinary Shares of Rs. 10 each @ Rs. 2 per share including proportionate dividend on 84,29,474 Ordinary Shares allotted during the previous year	6,70,63,740	5,59,23,618
— On 1,87,50,000 Ordinary Shares of Rs. 10 each (allotted during the year — representing Global Depository Receipts) proportionate at the above rate of Rs. 2 per share	2,41,43,836	—
	12,00,77,276	6,40,75,430

Notes :

- (a) Previous year's figures have been re-arranged to make them comparable with the current year's figures.
- (b) In keeping with related provisions in the Finance Bill 1997, such tax provision has been made and dividends payable gross, if declared, at the forthcoming Annual General Meeting but in the event of any contrary enactments by the Parliament in both respects, provision is to be written back in 1997-98 and the proposed dividends will be subject to deduction of tax at source at applicable rates.

ISSUED AND SUBSCRIBED CAPITAL**(a) G.D.R. Issue :**

We are glad to inform you that the Company was successful in issuing GDR's worth USD 30 millions even though the economic situation was rather unsatisfactory. The funds raised have been utilised for financing the expansion project of Vasavadatta Cement and also for financing the power plants that are under construction at Kesoram Cement and Vasavadatta Cement.

Accordingly 1,87,50,000 Ordinary Shares representing Global Depository Receipts were allotted, increasing the ordinary paid-up capital of the Company by Rs. 18,75,00,000.

(b) 15,00,000 — 17.5% Redeemable Cumulative Preference Shares of Rs. 100 each :

Balance amount of Rs. 41 per share was called and paid-up, thus making this series of Preference Shares fully paid-up.

DEBENTURES

- (a) The instalments falling due were paid in time.
- (b) Funds raised through Debentures are being utilised for specific purposes.

GENERAL REVIEW

The performance of both the cement plants was satisfactory. There was further reduction in power consumption.

The performance of the Rayon Section was on the whole satisfactory though there was unsatisfactory operating performance during the negotiation period of the workers' wage agreement.

There was further improvement in the working of Birla Tyres. The profitability for the year 1996-97 was substantially higher than that of the previous year.

TEXTILE SECTION

The costs of inputs have been rising continuously due to increases in several input costs, i.e. Power Rates (16.6%), Coal Rates (32%), D.A. (7.5%). On the other hand, cloth markets remained sluggish throughout the year.

Keeping in view the general condition of the Textile Industry in India, the working of Textile Section on the whole was not unsatisfactory.

We are happy to inform you that the Textile Section received ISO 9002 Certificate from Messrs D.N.V., Netherlands in November, 1996.

As per our policy of gradual modernisation of this Section, some second-hand automatic looms in good working condition have been installed.

RAYON AND TRANSPARENT PAPER SECTIONS

The working of Rayon and T.P. Sections were satisfactory. The production of Rayon Yarn was marginally higher at 6709 tons as against 6652 tons in the previous year, while Transparent Paper production dropped marginally to 3392 tons as against 3433 tons. Due to conversion of conventional Acid Plant to DCDA system, the production of Sulphuric Acid increased to 31087 tons from 21872 tons. DCDA system has improved pollution control. The production of other items viz., Sodium Sulphate, Carbon-di-Sulphide were also higher.

The prices of Wood Pulp & Sulphur showed a declining trend. The benefit of this was upto a great extent neutralised by steep hike in the cost of power, coal, dearness allowance etc.

The unsatisfactory demand of Rayon Yarn continued this year also. Unfortunately, Excise Duty was increased by 5% in July 1996. However, the Excise Duty was reduced from March, 1997 by 2.3%.

Rayon Yarn export was 7.3% of the total production against 15%.

During the first half of the year, T.P. sales were satisfactory. However, during the next half cheaper substitutes came in the market at lower prices and adversely affected our share of market.

In the Central Budget, 5% Excise Duty was increased on Cellophane Paper, making it costlier. The exports were lower at 13.56% as against 18.88% in the previous year due to keen competition from Chinese T.P.

Market for Sulphuric Acid was extremely depressed during the year under review.

The National Energy Conservation Award (1996) by the Ministry of Power as well as Certificate of Merit for Cellophane Paper Export by Chemical & Allied Products Export Promotion Council (CAPEXIL) were awarded to this Section for the second consecutive year.

These Sections have received ISO 9002 Certificate in respect of its Rayon, Transparent Paper & Chemical Units.

As reported in the previous year, the Charter of Demands submitted by the Trade Unions were negotiated and a new agreement valid for three years was signed. This will burden these sections with increased wages and other amenities. Labour relations were rather strained until the agreement was signed, resulting in loss of production and deterioration of quality.

SPUN PIPES SECTION

With the improvements in the availability of basic raw materials and better demand, the working of this Section was satisfactory.

REFRACTORY SECTION

The recession in the steel industry has resulted in unsatisfactory working of this Section specially in the second half of the year.

It is expected that improvement in the condition of Steel Industry will have some favourable effect on the working of this Section. The diversification of the product range is also under consideration.

CEMENT SECTIONS

(a) General

The profitability of the Cement Sections was adversely affected due to steep increases in the cost of Power, Coal and Salary & Wages (due to implementation of All India Wage Award) coupled with sluggish demand with unremunerative prices from September, 1996. Demand has slightly improved from March, 1997 and from the present market indications, it is hoped that demand will improve further in the ensuing months.

The products of both the Sections enjoy excellent market reputation.

Kesoram Cement in Andhra Pradesh has received ISO 9002 Certificate this year. Both the Plants now have ISO 9002 Certification.

The Captive Thermal Power Plants of 15 MW each are expected to be commissioned by July, 1997 at both the Cement Sections, which will help them to a great extent, to tide over continuous power-cuts imposed by State Electricity Boards of Andhra Pradesh and Karnataka. Cost of Power will also be reduced as the generation cost from Captive Power Plants would be less than the cost of State Electricity Board power.

During April 1996, Supreme Court upheld the constitutional validity of Jute Packaging Materials Act, 1987, but suggested to the Standing Advisory Committee of Ministry of Textiles, to take into account the viewpoints of relevant users/consumers. Accordingly, Cement Manufacturers' Association made representations to the Standing Advisory Committee, Ministry of Textiles, to exempt Cement Industry from the purview of the said Act, but no decision has yet been taken. Meanwhile, Workers' Unions of some Cement Factories obtained stay from High Courts against operation of Notification issued under this Act. In view of the Supreme Court judgement, the Jute Commissioner has issued Show Cause Notices to various Cement Units, including our Cement Sections, for not implementing the originally stipulated percentage of the jute bags. In consultation with our Legal Adviser, we have sent an appropriate reply.

(b) Kesoram Cement

Production figures of this Section are given hereunder .

	1996-97 (Tonnes)	1995-96 (Tonnes)
Clinker	7,51,350	7,39,096
Cement	7,31,049	7,82,383

We are glad to report that the Clinker production during the year is the highest ever achieved.

The Cement production was affected adversely due to power shortage and slack demand, especially during the second-half of the year. However, there is an upward trend in cement prices and demand from March, 1997.

The power situation in the State of Andhra Pradesh continues to be unsatisfactory, with power-cut ranging upto 60%.

All the major equipments for setting-up a 15 MW Thermal Power Plant have already arrived at the site and erection is going ahead in full swing. The Plant is expected to go on stream by July, 1997.

The modernisation scheme to enhance the capacity of one of the kilns is in progress and expected to be completed by June or July, 1997.

With regard to Basantnagar Limestone Mines, pending renewal of Lease, mining operations are being continued as per the Court Order. During the year under review, State Government has forwarded the Compliance Report of conditions stipulated in the Central Government communicating their approval under Forest Conservation Act. We are happy to mention that in March, 1997 Central Government has conveyed its approval to State Government for renewal of Mining Lease, subject to fulfilling certain standard conditions. This Section is awaiting communication from State Government so as to complete the formalities for execution of fresh Mining Lease.

Environmental and Social Obligations

This Section has already planted over two lakhs trees in the Factory and Colony areas, and further tree plantation programmes are being implemented every year to keep the ecological balance.

To fulfil the social obligations, this Section is doing extensive social welfare activities, in the rural areas, by organising eye surgical camps, family welfare camps, dental camps, animal health camps, pulse polio programmes, agricultural development programmes and also extending assistance to villagers for construction of bus shelters, temples, digging bore wells etc.

In recognition of the welfare measures undertaken, this Section has been given the award for the 'BEST WORKERS WELFARE INCLUDING FAMILY PLANNING EFFORTS BY AN INDUSTRIAL UNIT IN THE STATE' for the year 1995-96 by the Federation of Andhra Pradesh Chambers of Commerce & Industry, which was presented by the State Chief Minister in January, 1997.

Basantnagar Limestone Mines have won the First Prize for Environment & Pollution Control in a competition organised by Mines Safety & Productivity Council. It has also won four First Prizes for Overall Performance, Afforestation, Waste Pump Management and Noise Vibration Survey and other scientific studies as well as general aesthetic beauty, in the competitions held by Mines Environment & Mineral Conservation Council.

(c) Vasavadatta Cement

The performance of this Section continued to be satisfactory inspite of severe power-cuts. The production of Clinker and Cement is slightly less, as compared to the previous year, due to major maintenance and upgradation of Vertical Roller Mill and Coal Mill Sections. The capacity utilisation, however, continued to be as high as 132%, which is well above the All India average of about 80%.

Production figures of this Section are given hereunder :

	1996-97 (Tonnes)	1995-96 (Tonnes)
Clinker	6,36,683	6,60,109
Cement	6,55,966	6,72,131

The power supply position in Karnataka continues to be unsatisfactory with power-cuts ranging upto 70%. In addition to the power-cut, power restrictions during the peak hours continued throughout the year, which necessitated continuous use of DG sets.

Expansion (Unit II)

Erection of clinkerisation section of the new Unit II has been completed, and the kiln trial run started in mid March, 1997. The erection of cement grinding section as well as Captive Thermal Power Plant are in full swing and trial runs are expected to be started during June-July, 1997. The Unit II is likely to achieve its rated capacity during third quarter of this year.

Environmental & Social Obligations

The social welfare activities like adult education, animal treatment camps, training of unemployed youth in various trades, agricultural development programme are being continued in this Section in compliance of social obligations.

Environment Control

The Management is conscious about preservation of environment and improving ecological imbalance. Keeping this in view, latest equipments with state of the art technologies have been installed to control pollution.

The State Award "PARISARA PRASHASTHI" (Best, Clean & Pollution Free Plant) jointly sponsored by Karnataka State Pollution Control Board, Ministry of Environment & Forest, Government of Karnataka was given to this Section by Chairman, KSPCB and Chief Secretary, Forest, Environment & Ecology Department on 25.6.1996.

NATIONAL AWARDS

This Section has been given the following prestigious National Awards on Productivity & Energy :

1. 'National Productivity Performance Award' instituted by National Productivity Council was given by the then Hon'ble Prime Minister of India, Shri H. D. Deve Gowda on 23.11.1996 at New Delhi.
2. National Award for 'Best Improvement in Electrical Energy Performance' and for 'Third Best Improvement in Energy Performance' in Cement Industry instituted by National Council for Cement and Building Materials in association with Ministry of Power, Government of India was given by the Minister of State for Energy, Dr. Venugopalachary on 29.11.1996.

During the Mines Safety Week celebrations, this Section bagged the First Prize in Standard of Working and Statutory Compliance and the Second Prize in Mining Machinery, Health, Safety and other individual prizes.

During the Mines Environment and Mineral Conservation Week celebrations this Section also bagged the First Prize in Top Soil Management and Dust Suppression Arrangement and the Second Prize in Afforestation, Installation and use of Mechanical Beneficiation Plant and Overall Performance.

BIRLA TYRES

The gross turnover of Birla Tyres this year was Rs. 569.17 crores as compared to Rs. 513.20 crores in the previous year, and the profit increased from Rs. 11.50 crores to Rs. 14.81 crores this year.

Export sales during the year amounted to Rs. 69 crores as against Rs. 58 crores in the previous year. At present exports are being made to several countries such as Bangladesh, Myanmar, Nigeria, Philippines, Singapore, Tanzania, USA, UAE and Vietnam. Our quality has been well accepted in the International markets.

Birla Tyres has increased supplies to Original Equipment Manufacturers i.e. TELCO, ASHOK LEYLAND, HINDUSTAN MOTORS, MARUTI, DCM DAEWOO, MAHINDRA & MAHINDRA LTD. etc. The continuous improvement in the quality has enhanced market acceptance of tyres resulting in higher sale and collection.

The overall productivity of the factory increased substantially over previous year and there has been reduction in scrap generation.

After getting ISO 9001 Certification, Birla Tyres has started TPM activities with the help of Japan Institute of Plant Maintenance. This has helped in optimising productivity, reduction of costs and conservation of energy. During this year we have also received the National Safety Award from British Safety Council, London.

Birla Tyres has undertaken capacity expansion programme at a cost of approximately Rs. 101 crores in two phases. In the first phase, the existing production capacity will be increased by 25%.

This expansion project is in a very advanced stage of completion, most of the plant and machinery have been received and are being installed. Civil work is in progress. It is expected to complete the project by September, 1997.

In the second phase, with the technical collaboration with Pirelli, all Steel Radial LCV and Passenger Tyres will be introduced. Necessary technical know-how and Supply Agreement with Pirelli has been approved by Government of India. This plant should start production by early 1999.

Labour relations continues to be satisfactory.