





Our Chairman Syt. B. K. Birla



B K BIRLA GROUP OF COMPANIES

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 Suri, 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

82nd ANNUAL REPORT & ACCOUNTS 2000-01



**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 D. N. Mishra
(Nominee of L.I.C.)

Shri Amitabha Ghosh
(Nominee of UTI)

Shri P. K. Mallik

Smt. Manjushree Khaitan

***Shri K. K. Khemka**
(Manager of the Company)
(upto 04.05.2001)

***Shri S. K. Parik**
(From 04.05.2001)

Secretary

Shri S. K. Parik

Senior Executives

***Shri K. C. Jain**
(Manager of the Company)
(From 04.05.2001)

Shri J. D. Palod

Shri O. P. Poddar

Shri P. K. Goyenka

Shri D. Tandon

Auditors

Messrs Price Waterhouse

* In terms of the Board Meeting held on 4th May 2001 Shri K. K. Khemka resigned with immediate effect and Shri S. K. Parik was co-opted as a Director.

Bankers

State Bank of India

Standard Chartered Bank

Citi Bank N.A.

Allahabad Bank

The Hongkong & Shanghai
Banking Corporation Ltd.

UCO Bank

Central Bank of India

Canara Bank

Oriental Bank of Commerce

American Express Bank Ltd.

State Bank of Hyderabad

Registered Office

8th Floor

9/1, R. N. Mukherjee Road

Kolkata - 700 001

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NOTICE

TO THE MEMBERS

NOTICE is hereby given that the eighty second Annual General Meeting of KESORAM INDUSTRIES LIMITED will be held on Friday, the 22nd June, 2001 at 10.30 a.m. at 'KALA KUNJ', 48, Shakespeare Sarani, Kolkata-700 017, to transact the following business :

GENERAL 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, 2001.
2. To declare Dividends on the Preference and Ordinary Shares for the year ended 31st March, 2001.
3. To appoint Directors in place of Sarvashree P. K. Choksey, D. N. Mishra and B. P. Bajoria 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 as Special 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 and the terms of payment as per recommendation of its Audit Committee."

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s) the following Resolutions as 'Special Resolutions' :

5. "RESOLVED that pursuant to Article 4 of the Articles of Association of the Company and pursuant to the provisions of Sections 77A, 77AA and 77B of the Companies Act, 1956 and Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 (hereinafter referred to as "SEBI Regulations") and other applicable laws and regulations, if any, and subject to such terms and conditions and modifications as may be prescribed by such authorities while granting approvals (which the Board or its Committee as the case may be agree/accept) the Company be and is hereby authorised to buy-back its fully paid up Ordinary Shares of Rs. 10/- each out of its free reserves or securities premium account or partly out of free reserves and partly out of securities premium account, or out of the proceeds of any shares or securities, not exceeding 78,42,280 Ordinary Shares of the Company of face value of Rs. 10/- each, representing 15% of the total number of Ordinary Shares comprised in the paid up Share Capital of the Company from the holders of the Ordinary Shares (including the holders of shares underlying the global depository receipts, subject to such permission from Reserve Bank of India and/or other authorities, as may be necessary), at a price not exceeding Rs. 40/- per share and the Board of Directors be and is hereby authorised to determine the amount to be utilized towards the buy-back including the number of Ordinary Shares to be bought back, the exact price at which the Ordinary Shares are to be bought back and also the method(s) to be employed for the buy-back and the time frame therefore."

"RESOLVED FURTHER that the buy-back as aforesaid shall be made within 12 months (or such extended period as may be permitted under the applicable act, rules and regulations or by appropriate authorities) through one or more methods or any combination thereof prescribed under the Act and the regulations (including but not restricted to the tender offer method or by way of purchase from open market through the Stock Exchanges) as may be determined by the Board of Directors of the Company with an option to change the method of buy-back at the discretion of the Board. The aforesaid authority shall for the avoidance of doubt include the power to reject any offer for buy-back or to terminate any process initiated in relation to such buy-back."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to appoint merchant bankers, brokers, solicitors, advocates, accountants, bankers, registrars, and other expert advisors or consultants (hereby referred to as "Advisors")."

"RESOLVED FURTHER that the Board of Directors do take further steps for obtaining requisite approvals of such persons (including from Securities and Exchange Board of India) or other appropriate authorities or lenders or other contractual parties) whose consent is required under any law or by contract for the buy back as aforesaid and for that purpose to initiate all necessary action, including the preparation and issue of the Public announcement and filing of all other documents required to be filed in this connection (including the filing with the SEBI and the Registrar of Companies, a Declaration of Solvency as required by the Act.)"

"RESOLVED FURTHER that the buy-back of shares from non-resident shareholders shall be subject to such further approvals as may be required including approvals from Reserve Bank of India under the Foreign Exchange Management Act, 1999".

"RESOLVED FURTHER that for giving effect to the above resolutions, the Board or any Committee thereof, be and is hereby authorised to make/or agree to any modifications in terms of the buy-back, to give such direction as may be necessary or desirable or to settle or resolve any question, or difficulty or matter of interpretation of whatsoever nature as may arise with regard to the buy-back of the said Ordinary Shares and to do all such acts, deeds, matters, and things as they may consider necessary and expedient in the interest of the Company."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to sub-delegate all or any of the authorities conferred as above to any Committee of Directors and/or to any Officer of the Company to give effect to the aforesaid resolution or to accept any change or modification as may be suggested by the appropriate authorities or Advisors."

"FURTHER RESOLVED that nothing contained herein shall confer any right on the part of any shareholder to offer or any obligation on the part of the Company or the Board to purchase/buy-back any shares except as provided under the SEBI Regulations and in the manner and during the period prescribed therein."

"AND RESOLVED FURTHER that buy-back of Ordinary Shares shall only commence after all formalities relating to merger of Birla Century Finance Limited, Hindusthan Heavy Chemicals Limited and Bharat General & Textile Industries Limited with the Company is completed."

6. "RESOLVED that pursuant to Section 314 and the other applicable provisions, if any, of the Companies Act, the Board of Directors of the Company be and is hereby authorised to approve and allow Shri S. K. Parik, a Director appointed in the casual vacancy caused by Shri K. K. Khemka, a Director to draw such salaries/remuneration as the Board will decide from time to time under the provisions of the Companies Act and authorise Shri Parik, such Director to continue to discharge his duties and obligations erstwhile performed by him as Senior President, Finance & Taxation".

"RESOLVED FURTHER that Shri Parik be and is hereby authorised to discharge not only the duties of Director as aforesaid but also those of the Company Secretary and will be designated as Director & Secretary."

None of the Directors or Manager except Shri Parik is concerned in or with this Resolution.

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

7. RESOLVED that pursuant to the provisions of Section 387 and 388 and other applicable provisions of the Companies Act, 1956, Shri K. C. Jain, Senior President (Cement Sections) of the Company, be and is hereby appointed as Manager of the Company in terms of the said Act, subject to the following terms and conditions :

- (A) The term of his Office will be for a period of 5 years commencing from 4th May, 2001. However, it may be terminated by either side on giving 3 months' notice;
- (B) Shri Jain, subject to the superintendence, control and direction of the Board of Directors, shall have the management of the whole, or substantially the whole, of the affairs of the Company including its existing and new Sections, if any;
- (C) During the period of his Office as Manager of the Company, Shri Jain shall also continue to be the Senior President of the Cement Sections of the Company;
- (D) During the period of his Office as 'Manager' of the Company, Shri Jain will draw the salary and have the perquisites as follows :

(a) Salary Not exceeding Rs. 75,000/- per month, as may be decided by the Board from time to time.

(b) Perquisites :

(i) Accommodation

Furnished accommodation :

(a) Free of charge if owned by the company, or

(b) If hired accommodation, rent upto Rs. 5000/- per month

(ii) Medical Reimbursement

As per rules of the Company.

(iii) Leave Travel Concession

As per rules of the Company.

(iv) Club Fees

Fees for two Clubs. This will not include admission and life membership fees.

(v) Personal Accident Insurance

Actual premium not exceeding Rs. 1,000/- per annum.

(vi) Company's Contribution to Provident Fund, Superannuation Fund and Leave Encashment

As per rules of the Company.

(vii) Gratuity	As per rules of the Company.
(viii) Car & Telephone	Use of one chauffeur driven car for Company's business/ personal use and two telephones at residence. Personal long distance telephone calls and use of car for private purpose shall be billed by the Company as far as practicable on actual basis failing which on an estimated basis.
(ix) Ex-gratia (Bonus)	As will be decided by the Board from time to time.
(C) Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year during the tenure of service, payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of the Part II of the Schedule XIII of the Companies Act, 1956.

FURTHER RESOLVED that the Board be and is hereby authorised to accept such alterations in the aforesaid terms and conditions of appointment of Shri K. C. Jain and/or the remuneration payable to him and/or make such alterations therein from time to time in such manner as may be agreed to between the Board and Shri K. C. Jain within the limits in that behalf as contained in Schedule XIII to the said Act, or as may be modified from time to time.

Regd. Office :
9/1, R. N. Mukherjee Road
Kolkata - 700 001
Dated, the 4th day of May, 2001

By Order of the Board

S. K. PARIK
Director & 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/herself and the proxy need not be a Member. Proxies should be received by the Company not less than 48 hours before the Meeting.
2. Register of Members shall remain closed from 1st June, 2001 to 22nd June, 2001 (both days inclusive).
3. The instruments of share transfer complete in all respects should be sent to the Company well in advance so as to reach the Company's Share Department at 9/1, R. N. Mukherjee Road, Kolkata - 700 001 prior to the book closure as stated above.
4. Payment of dividends on Shares, if declared at the aforesaid Meeting, will be made subject to the provisions of Section 206A of the Companies Act, 1956, to those holders whose names shall appear on the Company's Register of Members as on 22nd June, 2001 or to their mandatees/Bankers and the dividend warrants will be dispatched on or before 9th July, 2001.
5. (a) Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Director & Secretary of the Company well in advance so that the same are received at least ten days before the date of the Meeting to enable the Management to keep the informations readily available at the Meeting.
(b) Further, they are requested to bring at the Meeting with them the printed Annual Accounts & Reports being sent to them alongwith the Notice to avoid inconvenience.
(c) Members who hold shares in dematerialised form are requested to bring their depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
6. Members who are holding shares in identical order of names in more than one Folios are requested to apply to the Company for consolidation of such Folios in one Folio.
7. Members are requested to notify the change in address if any, and also the name of the Bank(s) with account number(s) for inscribing it on the face of dividend warrant(s) to avoid the fraudulent encashment of the same. **Members holding shares in D'mat form should inform the above information to the respective depository participants.**
8. (a) Under the provisions of Section 205A of the Companies Act, 1956, the Company has already transferred all unclaimed dividends declared upto and including the financial year ended 31st March, 1994, the members are advised to approach the

Registrar of Companies, West Bengal, 234/4, Acharya Jagadish Chandra Bose Road, Kolkata - 700 020 to claim the dividend upto the said period.

- (b) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 1995 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the "Investor Education and Protection Fund" to be constituted by the Central Government.

Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1995 or any subsequent financial years are requested to make their claim to the Share Department of the Company.

Further, it may be noted that under the amended Companies Act, once the unclaimed dividend is transferred to the Government, as above, no claim shall lie in respect of such amount.

9. (i) Reappointment of Directors : At the ensuing General Meeting Shri P. K. Choksey, Shri D. N. Mishra and Shri B. P. Bajoria, Directors retire by rotation and being eligible offer themselves for reappointment. As per clause 49 of the Listing Agreement dealing with Corporate Governance, the Company is required to provide a brief resume, expertise and names of the Companies in which the proposed Directors hold the Directorship and Membership of Committees of Board, accordingly the said information is given herein below :

- (a) Shri P. K. Choksey, aged about 78 years, is a Chartered Accountant and Ex-senior Partner of Price Waterhouse. He is holding Directorship in Foseco India Ltd. (Chairman), Zensar Technologies Ltd., Fujitsu ICIM Ltd., Ashok Leyland Ltd., Ennore Foundries Ltd., DCM Srilam Consolidated Ltd. and Indian Aluminium Co. Ltd.. He also holds the Membership/Chairmanship in the Committees of the following Companies.

Name of the Company	Name of the Committee	Position Held
Ashok Leyland Limited	Audit Committee	Chairman
	Director's Compensation Committee	Member
Ennore Foundries Limited	Audit Committee	Chairman
	Employee's Share Option Plan Committee	Member
Zensar Technologies Limited	Audit Committee	Chairman
Indian Aluminium Co. Ltd.	Audit Committee	Chairman
Foseco India Limited	Audit Committee	Chairman
Fujitsu ICIM Limited	Audit Committee	Member

- (b) Shri D. N. Mishra, aged about 59 years, is an Executive Director (Pension & Group Schemes) of Life Insurance Corporation of India and a nominee Director of LIC.

- (c) Shri B. P. Bajoria, aged about 72 years, is an Industrialist and is Director in the following Companies : - Cheviot Company Ltd., Texmaco Ltd., IFGL Refractories Ltd., Solarson Industries Ltd., CESC Ltd., The Grob Tea Co. Ltd. and McLeod & Company Limited. He is also Member of the Audit Committee of CESC Limited.

- (ii) Filling up of Casual Vacancy : Shri S. K. Parik, aged about 70 years has been appointed by the Board as Director, in its Meeting held on 04.05.2001 to fill the casual vacancy caused by the resignation of Shri K. K. Khemka. He is a fellow Chartered Accountant and Company Secretary carrying extensive experience in the field of Finance, Taxation and Company Law over three decades.

He is holding Directorships in Bharat General & Textile Industries Ltd., Birla Century Finance Ltd., B. K. Birla Foundation, Birla Buildings Ltd., Hindusthan Heavy Chemicals Ltd., Indore Exporting & Importing Ltd., KICM Investment Ltd., Kesoram Textile Mills Ltd., Kesoram Services Ltd., Mangalam Timber Products Ltd., I.T. Investment & Trading Co. Ltd., Chintpurni Investment & Trading Co. Ltd., SNP Investment & Trading Co. Ltd., Vasavadatta Investment & Trading Co. Ltd. and Universal Tyres Ltd..

He also holds Membership/Chairmanship in the Committees of the following Companies :-

Name of the Company	Name of the Committee	Position Held
Bharat General & Textile Industries Limited	Audit Committee	Chairman
Birla Century Finance Ltd.	Audit Committee	Member
Mangalam Timber Products Ltd.	Audit Committee	Member
Hindusthan Heavy Chemicals Ltd.	Audit Committee	Member
Kesoram Textile Mills Ltd.	Audit Committee	Member
	Shareholders/Investors Grievance Committee	Member
	Share Transfer Committee	Member

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

Item No. 5

The Companies (Amendment) Act, 1999 and the Securities & Exchange Board of India (Buy-Back of Securities) Regulations, 1998 (hereinafter referred to as the "SEBI Regulations") allow a Company to buy-back its own shares subject to the conditions laid down therein. The proposed buy-back of shares by the Company is authorised vide Article 4 of the Articles of Association of the Company.

1. The proposal for buy-back was approved by the Board of Directors of the Company in their Meeting held on 4th May, 2001.
2. In view of substantial reserves and sufficient free Cash Flow, its future requirement of funds in relation to its existing activities could be leveraged through its existing surplus and/or debts. The Company, therefore proposes to use a part of its surplus fund to buy-back its own Ordinary Shares. This offers a reasonable attractive exit option to existing shareholders while ensuring a value enhancing to those shareholders who prefer to retain ownership of their Ordinary Shares.
3. The buy-back as aforesaid shall be implemented by the Company through one or more methods prescribed under the Companies Act, 1956 and the SEBI (Buy-Back of Securities) Regulation, 1998 (including but not restricted to the tender offer method or by way of purchase from the open market through the Stock Exchanges) and as may be determined by the Board of Directors or any Committee thereof constituted for the purpose.
4. The maximum amount required for the buy-back and the sources of funds from which the buy-back would be financed is about Rs. 31.37 Crores. The buy-back as proposed is to be effected out of its free reserves and funds as would be available from current surpluses and internal accruals of the Company.
5. While fixing the maximum price of Rs. 40/- per share for buy-back, the Board of Directors have taken into account the various factors such as the market prices ruling over the last one year, the current and future earning per share, return on equity, net worth and other relevant factors.
6. The number of shares proposed to be bought back is upto 78,42,280 fully paid Ordinary Shares of Rs. 10/- each, representing approximately 15% of the Ordinary Shares comprised in the paid up Share Capital.

7. (a) The aggregate share holding of the Promoters and of the Directors of the Promoters, where the Promoter is the Company and of persons who are in control of the Company as on the date of the Notice convening the General Meeting is 1,04,80,921.33 shares.

- (b) Aggregate number of Ordinary Shares purchased or sold by persons mentioned in (a) above during a period of six months preceding the date of the Board Meeting at which the buy-back was approved till the date of Notice convening the General Meeting.

No. of Shares purchased

21,41,208

No. of Shares sold

Nil

- (c) The maximum and minimum price at which purchases and sales referred to in (b) above were made along with the relevant date.

		Purchase	Date	Sales	Date
A	Maximum	Rs.		Rs.	
	Price	58.03	14.02.2001	N.A.	N.A.
B	Minimum	Rs.		Rs.	
	Price	27.89	29.11.2000	N.A.	N.A.

8. The Promoters and persons in control of the Company do not intend to offer their shares for buy-back.
9. There has been no default subsisting in repayment of deposits, or interest payable thereon, redemption of the debentures or preference shares or payment of dividends to any shareholders or re-payment of any term loan to any of the institutions or banks.
10. The Board of Directors has made a full enquiry into the affairs and prospects of the Company and it has formed the opinion that –
 - (a) immediately following the date on which the General Meeting is convened, there will be no grounds on which the Company could be found unable to pay its debts;
 - (b) as regards its prospects for the year immediately following that date, that having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in its view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and
 - (c) in forming its opinion for the above purposes, the Directors have taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

11. The Company has obtained a report dated 04.05.2001 from Price Waterhouse, Auditors of the Company addressed to the Board of Directors to the effect that :
- (i) they have enquired into the Company's state of affairs ;
 - (ii) the amount of the permissible capital payment for the securities in question is in their view properly determined; and
 - (iii) the Board of Directors in their Meeting held on 04.05.2001 have formed the opinion as specified in Clause 10 above on reasonable grounds and that the Company having regard to its state of affairs, will not be rendered insolvent within a period of one year from that date.
12. The buy-back shall be completed within 12 months from the date of passing the Special Resolution herein and in accordance with the time limits prescribed in the SEBI Regulations for taking various steps under the method of buy-back to be adopted.
13. The ratio of the debt owed by the Company to its capital and free reserve as at 31.03.2001 is 1.28:1. After the proposed buy-back, this may change to 1.46:1 which is well below the statutory prescribed ratio of 2:1.
14. The shares bought back by the Company will be extinguished and destroyed. Further, the Company will not be entitled to make further issue of equity shares within a period of twenty four months from the date of completion of the buy-back, except as provided in Sub-Section (8) of Section 77A of the Companies Act, 1956.
15. The maximum price for the buy-back is Rs. 40/- per Ordinary Share and the 'Special Resolution' set out in the Notice seeks approval from the shareholders for the Board of Directors to determine subsequently the specific price.
16. The Auditors Report to the Board of Directors of the Company referred to above is available for inspection of shareholders on any working day of the Company till the date of the Annual General Meeting between 11.00 a.m. to 4.00 p.m.
- The Directors or Manager of the Company may be deemed to be interested in the resolution to the extent of their respective share holdings in the Company.

Item No. 6

The Board of Directors of the Company at its Meeting held on 4th May, 2001 decided to appoint Shri S. K. Parik to fill the casual vacancy caused by the resignation of Shri K. K. Khemka who resigned with effect from that date. Shri Parik will hold Office only upto the date to which Shri Khemka in whose place he has been appointed would have held Office if it had not been vacated by him.

As was decided in the same Meeting by the Board subject to the approval of the shareholders, Shri Parik will continue to discharge the existing responsibilities being in charge of Finance & Taxation and the additional function of the Company Secretary at the existing remuneration & perquisites drawn by him from the Company, subject to the revision by the Board from time to time and therefore, it requires the approval of the members by way of a 'Special Resolution' for holding an Office or place of profit other than the Directors' fees and commission.

Your Directors are of the view that the appointment of Shri Parik, designated as Director and Secretary will be beneficial to the operation of the Company and the remuneration payable to him is commensurate with his ability.

The Board recommends the Resolution for acceptance by the shareholders.

None of the Directors or Manager excepting Shri Parik is interested or concerned with the Resolution.

Item No. 7

The Board of Directors of the Company at its Meeting held on 4th May, 2001 decided to appoint Shri K. C. Jain, as Manager of the Company in place of Shri K. K. Khemka since resigned with effect from 4th May, 2001. Shri Jain is Senior President of Cement Sections of the Company.

The remuneration including perquisites proposed to be paid to Shri Jain are within the limits provided under Schedule XIII of the said Act.

Your Directors are of the view that the appointment of Shri Jain, as Manager will be beneficial to the operation of the Company and the remuneration payable to him as stated in the Resolution specifically is commensurate with his experience and ability.

The Resolution under this Item is intended to obtain the approval of the Members for proposed appointment of Shri Jain and your Directors recommend its approval.

None of the Directors is concerned in or concerned with the Resolution.

By Order of the Board

Regd. Office :
9/1, R. N. Mukherjee Road
Kolkata - 700 001
Dated, the 4th day of May, 2001

S. K. PARIK
Director & Secretary

REPORT OF THE DIRECTORS**FOR THE YEAR ENDED 31ST MARCH, 2001**

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, 2001.

FINANCIAL RESULTS

	31st March, 2001 Rs.	31st March, 2000 Rs.
Turnover (including Inter-Section Transfers)	13,45,43,27,605	6,72,14,20,932
Gross Profit	91,75,89,713	43,06,18,820
Add : Company's Share of Profit of 'Birla Tyres' Operations	—	2,21,26,197
Add : Revenue Deficit recoverable from Kesoram Textile Mills Ltd. (KTML)	—	2,11,00,612
	91,75,89,713	47,38,45,629
Less : Depreciation (Net of transfer from Revaluation Reserve)	40,80,92,188	30,01,74,914
	50,94,97,525	17,36,70,715
Less : Provision for Minimum Alternate Tax (MAT)	4,50,00,000	1,65,00,000
Net Profit	46,44,97,525	15,71,70,715
Add :		
(i) Transfer from Debenture Redemption Reserve No longer required	—	25,77,58,550
(ii) Balance of Profit & Loss Account brought forward from last year	38,15,66,709	8,76,75,794
Amount available for appropriation which the Directors have appropriated as under :	84,60,64,234	50,26,05,059
(a) Capital Redemption Reserve	15,00,00,000	3,00,00,000
(b) General Reserve	3,50,00,000	59,400
(c) Proposed Dividends including dividend on Preference Shares	11,88,03,466	8,19,63,018
(d) Tax on Proposed Dividends	1,21,17,953	90,15,932
(e) Balance carried forward to next year	53,01,42,815	38,15,66,709
	84,60,64,234	50,26,05,059

RESTRUCTURING

- (i) The Hon'ble Kolkata High Court vide its order dated 11.09.2000 sanctioned the Scheme of Arrangement in respect of two Subsidiary Companies. Keeping in view the recessionary conditions prevailing in the real estate market and having received a good offer, one of the Subsidiary Company was duly disposed off.
- (ii) (a) The Board of Directors in their meeting held on 23.04.2001 have approved in principal the merger of its 100% Subsidiary Company Bharat General & Textile Industries Ltd. with the Company subject to approval of Company's Bankers, Financial Institutions, Hon'ble Kolkata High Court and other regulatory authorities. The proposed merger as and when it takes place is likely to enhance the net worth of the Company approximately by Rs.37 crores.
- (b) The Company has received merger proposals from the Hindusthan Heavy Chemicals Ltd. and Birla Century Finance Ltd. with the Company which have been found *prima facie* acceptable by the Board. The Board of Directors in their meeting held on 23.04.2001 have referred the amalgamation proposals to Price Waterhouse, a well known reputed firm of Chartered Accountants and an expert on merger/amalgamation related issues for giving their expert opinion thereon.
- The proposed merger will be given effect to only if found beneficial to all the concerned Companies, Shareholders, Company's bankers, financial institutions and approval of other regulatory authorities.

AUDITORS' REPORT

Note 1(c)(vii) on Schedule 17 referred to by the Auditors in their Report is self-explanatory and hence does not require any further explanation.