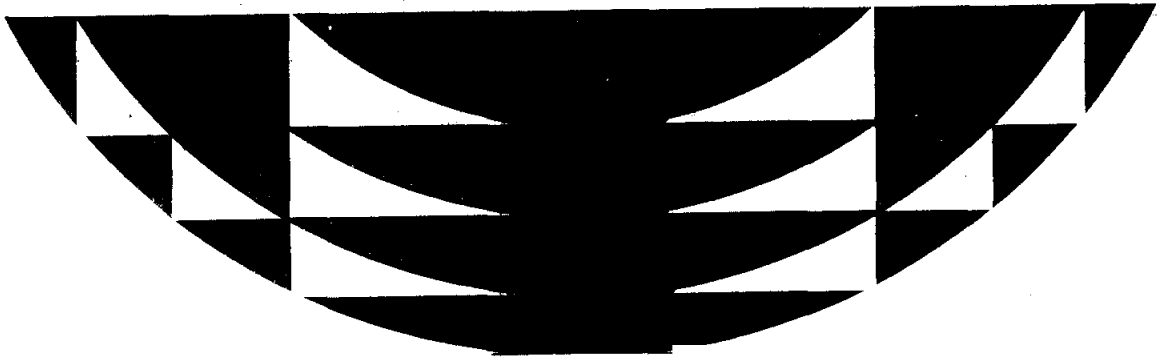


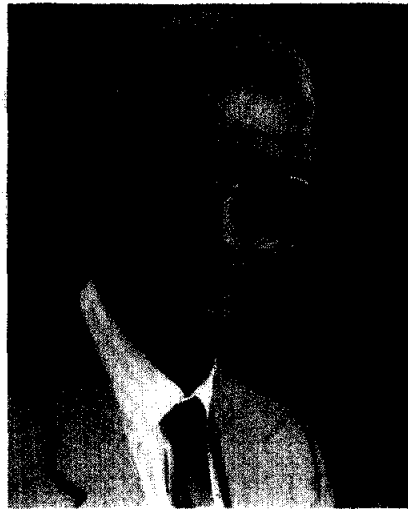
ANNUAL
REPORT
&
ACCOUNTS
2001-2002



KESORAM
INDUSTRIES
LIMITED

Report  Junction.com





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 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

83rd ANNUAL REPORT & ACCOUNTS 2001-02

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.



Members are requested to bring at the meeting with them the printed copy of Annual Report & Accounts being sent to them alongwith the Notice to avoid inconvenience.



**Kesoram
Industries
Limited**

Directors

Syt. B. K. Birla
Chairman

Shri K. G. Maheshwari

Shri Pramod Khaitan

Shri B. P. Bajoria

Shri P. K. Choksey

Smt. Neeta Mukerji
(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 S. K. Parik

Secretary

Shri S. K. Parik

Senior Executives

Shri K. C. Jain
(Manager of the Company)

Shri J. D. Palod

Shri D. Tandon

Shri O. P. Poddar

Shri P. K. Goyenka

Auditors

Messrs Price Waterhouse

Bankers

State Bank of India
Allahabad Bank
Banque Nationale De Paris
Canara Bank
Central Bank of India
Citi Bank N.A.
IndusInd Bank Limited
Oriental Bank of Commerce
State Bank of Hyderabad
The Hongkong & Shanghai
Banking Corporation Ltd.
UCO Bank

Registered Office

8th Floor
9/1, R. N. Mukherjee Road
Kolkata - 700 001

Contents

	Page
Notice	2-5
Report of the Directors	6-11
Report on Corporate Governance	12-22
Report on Management Discussion and Analysis	23-26
Particulars of Employees	27
Statement regarding Subsidiary Companies	28
Statement regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo	29-32
Summarised Balance Sheet for last five years	33
Summarised Profit & Loss Account for last five years	34
Auditors' Report	35-37
Balance Sheet	38
Profit and Loss Account	39
Schedules (1 to 18)	40-69
Cash Flow Statement	70-72
Annual Accounts of Subsidiary Companies	
- KICM Investment Limited	73-84
- Softshree Estates Limited	85-90
- Grant Properties Limited	91-97
Consolidated Financial Statements	98-116

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the eighty third Annual General Meeting of KESORAM INDUSTRIES LIMITED will be held on Tuesday, the 23rd July, 2002 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, 2002.
2. To declare Dividend on Ordinary Shares for the year ended 31st March, 2002.
3. To appoint Directors in place of Sarvashree B. K. Birla, P. K. Mallik and Smt. Manjushree Khaitan, who retire by rotation, and being eligible, offer themselves for re-election.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

5. "RESOLVED that in partial modification of the resolution passed at the Annual General Meeting held on 22.06.2001, consent of the Shareholders be and is hereby accorded to the Board of Directors of the Company in modifying the Salary & Perquisites of Shri K. C. Jain, Manager of the Company, subject to the provisions of Schedule XIII read together with provisions of Sections 387 & 388 of the Companies Act, 1956 as under :
 - (a) during the remaining period of his office as 'Manager' Shri Jain will draw the salary and have the perquisites as follows :

(I) REMUNERATION & PERQUISITES :

Sl.	Head	Limits
(i)	Salary (per month)	Not exceeding Rs. 1,10,000 as may be decided by the Board from time to time.
(ii)	Conveyance Allowance (per month)	Not exceeding Rs. 5,000 as may be decided by the Board from time to time.
(iii)	Educational/Periodical Allowance (per month)	Not exceeding Rs. 5,000 as may be decided by the Board from time to time.
(iv)	Accommodation	Free furnished accommodation at Factory with one servant.
(v)	Medical Reimbursement	As per rules of the Company.
(vi)	Leave Travel Concession	As per rules of the Company.
(vii)	Club Fees	Fees for two Clubs. This will not include admission and life membership fees.
(viii)	Personal Accident Policy Premium	Not exceeding Rs. 10,000 per annum as may be decided by the Board from time to time.
(ix)	Company's Contribution to Provident Fund and Superannuation Fund	As per rules of the Company.
(x)	Gratuity and Leave Encashment	As per rules of the Company.
(xi)	Car & Telephone	Use of one chauffeur driven Car for Company's business & personal use and two telephones at residence.
(xii)	Ex-gratia (Bonus)	20% of the basic Salary or such sums as may be fixed by the Board from time to time.
(xiii)	Free Electricity	Worth not exceeding Rs. 10,000 per annum as may be decided by the Board from time to time.

(II) 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.

- (b) remaining terms and conditions of appointment of Shri Jain will remain the same as mentioned in the resolution passed by the Shareholders on 22.06.2001.
- (c) 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 Act, or as may be modified from time to time.
- (d) the revised remuneration paid to Shri K. C. Jain as increased by the Board of Directors in its meeting held on 28.01.2002 be and is hereby ratified and approved."
6. "RESOLVED that in partial modification of the resolution passed at the Annual General Meeting held on 6th July, 1998, payment of Rs. 5,46,800/- to Shri K. K. Khemka on account of leave encashment in accordance with the rules of the Company on his resignation, as approved by the Board in its meeting held on 28.01.2002, being within the limits of Schedule XIII and other applicable provisions of the Companies Act, 1956 be and is hereby ratified and approved."

By Order of the Board

Regd. Office :
9/1, R. N. Mukherjee Road
Kolkata - 700 001
Dated, the 28th day of April, 2002

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. The Company should receive proxies not less than 48 hours before the Meeting.**
2. Register of Members shall remain closed from 2nd July to 23rd July, 2002 (both days inclusive).
3. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
4. The Dividend, as recommended by the Board, if declared at the meeting will be paid, subject to the provisions of Section 206A of the Act, on or after 9th August, 2002 to those members or their mandatees whose names stand registered on the Company's Register of Members :
 - (a) as Beneficial Owners as at the end of business on 1st July, 2002 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in Electronic Form, and
 - (b) as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 1st July, 2002. The Instruments of Share Transfers, complete in all respects, should reach the Share Department of the Company at 9/1, R. N. Mukherjee Road, Kolkata-700 001 well before the Book Closure Date as stated above.
5. In case of Resident Individuals, where the Dividend amount exceeds Rs. 1,000/- the payment will be subject to Deduction of Tax at Source. Members desirous of availing Non Deduction of Tax at Source may forward Form No. 15G in duplicate duly completed in all respects or the Tax Exemption Certificate issued by the concerned Assessing Officer, to the Share Department of the Company, latest by 15th July, 2002.
6. In order to avoid the risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, Shareholders are requested to avail of ECS facility whereby the dividend will be directly credited electronically to their respective Bank accounts. This will ensure speedier credit of dividend. You may use the enclosed 'ECS Mandate Form' and forward necessary details to the Company or Depository Participant, as the case may be, to avail benefit from this service.
7. (a) Members are requested to notify the change in address if any, 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 and PAN issued by the Income Tax Authorities for inscribing it on the T.D.S. Certificate(s) wherever applicable. **Members holding Shares in Electronic form should send the above information to the respective Depository Participants.**

(b) In case the mailing address mentioned on this Annual Report is either without Pin Code or with incorrect Pin Code, members are requested to kindly inform the Company or the respective Depository Participant(s), as the case may be, their Pin Code immediately for speedy and proper delivery.
8. Members who are holding Shares in identical order of names in more than one Folio are requested to apply to the Company alongwith the relevant Share Certificates for consolidation of such folios in one folio.

9. As per provisions of the Companies Act, 1956 facility for making nominations is now available to Individuals, holding Shares in the Company. The Nomination **Form-2B** prescribed by the Government can be obtained for the purpose from the Share Department of the Company.
10. (a) Under the provisions of Section 205A of the Companies Act, 1956, the Company has already transferred all unclaimed dividends declared up to and including the financial year ended 31st March, 1994. Members, who have not encashed their dividend warrants, are advised to approach the Registrar of Companies, West Bengal, 234/4, Acharya Jagadish Chandra Bose Road, Kolkata-700 020 to claim the dividend up to 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" 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. Individual notices to the members are also being sent for this purpose.
- Further, it may be noted that under the amended Companies Act, once the unclaimed dividend is transferred to the Fund as aforesaid, no claim shall lie in respect of such amount.
11. (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 information readily available at the meeting.**
- (b) **Further, they are requested to bring at the meeting with them the printed Annual Report & Accounts being sent to them alongwith the Notice to avoid inconvenience.**
- (c) Members who hold shares in Electronic Form are requested to bring their **Depository ID number and Client ID number** to facilitate easier identification for attendance at the Annual General Meeting.
12. **Reappointment of Directors :** At the ensuing Annual General Meeting Sarvashree B. K. Birla, P. K. Mallik and Smt. Manjushree Khaitan, 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 Directors; accordingly the said information is given herein below :
- (a) Shri B. K. Birla, aged about 81 years, is among the top industrialists in the Country and is well known for his dynamism, enterprise and leadership qualities, which has helped him in building his successful business empire. He is Chairman of Century Textiles & Industries Ltd., Jay Shree Tea & Industries Ltd. and Century Enka Limited and holds Directorship in B. K. Birla Foundation and Pilani Investment & Industries Ltd. and also associated with other Charitable Trusts and Educational Institutions.
- (b) Shri P. K. Mallik, aged about 70 years, is a former Senior Partner of Price Waterhouse, Chartered Accountants. He is also an Ex-President of Institute of Chartered Accountants of India and Ex-Sheriff of Calcutta. He has extensive experience in accountancy and auditing. He holds Directorship in Alliance Management & Fiscal Services Ltd., Consolidated Fibres & Chemicals Ltd., Gujarat Carbon & Inds. Ltd., Peerless Financial Services Ltd. and Nagarjuna Agri-Chem. Ltd. and is holding Membership in the following Committee of Directors :

Name of the Company	Name of the Committee	Position Held
Alliance Management & Fiscal Services Ltd.	Audit	Member
Consolidated Fibres & Chemicals Ltd.	(i) Audit	Chairman
	(ii) Shareholders' Grievances & Share Transfer	Member
Gujarat Carbon & Inds. Ltd.	Audit	Member
(c) Smt. Manjushree Khaitan, aged about 45 years, is a Post Graduate in English Literature. As an Industrialist she has been associated with Chemical Industry and Tea & Coffee Plantations since last several years. She is the Chairperson of Manjushree Plantations Ltd., Director in Vidula Chemicals & Manufacturing Industries Ltd. and Kamal Trading Co. Ltd. and a Member of 'Share Transfer Committee' in Manjushree Plantations Limited. Besides above, she is also associated with many Schools in Kolkata & outside, is a member of Board of Governors & General Body of Birla Institute of Technology & Science, Pilani and a Committee Member of Indian Chamber of Commerce, Kolkata.		

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2)
OF THE COMPANIES ACT, 1956****Item No. 5**

The Board of Directors of the Company in its meeting held on 4th of May, 2001 decided to appoint Shri K. C. Jain as the Manager of the Company in place of Shri K. K. Khemka and his appointment on the terms & conditions as mentioned in the Notice dated 4th May, 2001 was consented to by the Shareholders in their meeting held on 22.06.2001.

Shri Jain has been acting as Sr. President of two Cement units of the Company and over & above that he was further entrusted with additional responsibility of a Manager as aforestated.

In the capacity of Sr. President he is entitled to such increased remuneration as reviewed for the said category of executives by the Remuneration Committee on annual basis and accordingly the terms and conditions of his appointment were decided keeping in view of the pay scale & other perquisites payable to such category of Sr. Executives at that time. Since then the scale has been revised upward and accordingly Shri Jain is entitled to such revised pay scale and therefore the Board had revised his remuneration pursuant to the powers given by the Shareholders in its meeting held on 22.06.2001. Following a good 'Corporate Governance' practice, the Board decided to get approved and ratified the increased remuneration paid to Shri Jain for the financial year 2001-02 and also for seeking approval of the Shareholders for payment of such revised remuneration in future as may be recommended by the Remuneration Committee from time to time and approved by the Board within the limits specified.

The increase in ceiling of remuneration including perquisites proposed to be paid to Shri Jain are within the limits provided under Schedule XIII and the other applicable provisions of the said Act.

The Directors recommend its approval.

None of the Directors is concerned in or concerned with the Resolution except Shri Jain himself, the Manager.

Item No. 6

In terms of the Company's policy all the Company's employees are entitled to encashment of leave. Shri Khemka accordingly was paid for leave encashment of Rs. 5,46,800/- on his resignation as approved by the Board in its meeting held on 28.01.2002, the same being vested unto it by the Shareholders through a resolution passed at the Annual General Meeting of the Company held on 6th July, 1998. However, the Board as a matter of good 'Corporate Governance' practice has decided to seek ratification and approval of Shareholders in making such payment.

The aforesaid benefit paid to Shri Khemka has been within the limits of Schedule XIII and the applicable provisions of the Companies Act, 1956.

The Directors recommend its approval.

None of the Directors is concerned in or concerned with the Resolution except Shri K. K. Khemka, Manager, since resigned.

By Order of the Board

Regd. Office :
9/1, R. N. Mukherjee Road
Kolkata - 700 001
Dated, the 28th day of April, 2002

S. K. PARIK
Director & Secretary

REPORT OF THE DIRECTORS**FOR THE YEAR ENDED 31ST MARCH, 2002**

Dear Members,

Your Directors have pleasure in presenting the eighty-third Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

	31st March, 2002 Rs.	31st March, 2001 Rs.
Turnover (including Inter-Section Transfers)	13,56,19,90,115	13,45,43,27,605
Gross Profit	84,18,66,348	91,75,89,713
Less : Depreciation (Net of transfer from Revaluation Reserve)	33,04,52,254	40,80,92,188
Provision for Minimum Alternate Tax (MAT)	4,00,00,000	4,50,00,000
Provision for Contingencies	5,77,00,000	—
	42,81,52,254	45,30,92,188
Net Profit	41,37,14,094	46,44,97,525
Amount available for appropriation which the Directors have appropriated as under :	41,37,14,094	46,44,97,525
(a) Capital Redemption Reserve	—	15,00,00,000
(b) Share Buy-back Reserve	4,59,06,180	—
(c) General Reserve	7,75,00,000	3,50,00,000
(d) Proposed Dividend(s) (previous year, including dividend on Preference Shares)	9,63,20,012	11,88,03,466
(e) Tax on Proposed Dividends	—	1,21,17,953
(f) Balance carried forward to next year	19,39,87,902	14,85,76,106
	41,37,14,094	46,44,97,525

DEFERRED TAX

During the year under review the Hon'ble Calcutta High Court vide its Order dated 05.02.2002 has allowed the Company to use the Securities Premium Account under the head Reserves & Surplus towards meeting the liability of 'Deferred Tax' required to be provided as per the Accounting Standard on "Accounting for Taxes on Income" (AS-22) prescribed by the Institute of Chartered Accountants of India.

RESTRUCTURING

The Hon'ble Calcutta High Court vide its order dated 3rd September, 2001 sanctioned the Scheme of Amalgamation in respect of three Companies i.e. Birla Century Finance Ltd. (BCFL), Hindusthan Heavy Chemicals Ltd. (HHCL) and Bharat General & Textile Industries Ltd. (BGTI). As a result the merger has become effective with effect from 1st of April, 2001 (as provided in the Scheme) and all the Assets & Liabilities stand vested with Company from the aforesaid date. As per the Scheme of amalgamation the following Securities were issued :

- 11,73,895 - 12% Secured Redeemable Non-Convertible Debentures of Rs. 105 fully paid up were allotted by the Company being one aforesaid Debenture for 10 Shares, to the Shareholders of erstwhile Birla Century Finance Limited and these were redeemed on 22.02.2002.
- 5,75,435 Ordinary Shares of Rs. 10 each fully paid up of the Company were allotted, in the ratio of one fully paid up Ordinary Share of the Company for 5 Equity Shares, to the Shareholders of erstwhile Hindusthan Heavy Chemicals Ltd.
- Bharat General & Textile Industries Ltd. (BGTI) being the 100% Subsidiary of the Company resultantly its investment in BGTI stands cancelled on merger as such no consideration was payable.

FIXED DEPOSITS

Unclaimed Deposits of Rs. 1,19,607, lying deposited with a Bank due to 15 parties, as got transferred on merger of Birla Century Finance Ltd. with Company, are still awaiting completion of the formalities by the Parties.

AUDITORS' REPORT

Note 1(c)(vii) and 8 on Schedule No. 17 referred to by the Auditors in their Report (paragraphs 4.5 and 4.3) and their remarks in paragraphs 6 and 8 of Annexure to Auditors' Report, are self-explanatory and require no further explanation. As regards paragraphs 1 and 3 of Annexure, the verification of certain fixed assets and inventory items could not be carried out due to suspension of work at the relevant Section.

DIVIDEND

The Board of Directors at their meeting held today has recommended dividend on Ordinary Shares as under :

	31st March, 2002 Rs.	31st March, 2001 Rs.
(a) On 15,00,000 Redeemable Cumulative Preference Shares of Rs. 100 each fully paid-up, already redeemed (Previous year, @ 17.5% on pro rata basis)	—	1,42,39,726
(b) On 4,81,60,006 Ordinary Shares as on 31.03.2002 of Rs. 10 each @ Rs. 2.00 per Share (Previous year Rs. 2.00 per Share)	9,63,20,012 *	10,45,63,740
	<u>9,63,20,012</u>	<u>11,88,03,466</u>

* The number of Shares on which the Dividend has been recommended will be further reduced on account of the on going Buy-back of shares upto 21st June, 2002, being last date of the Buy-back Scheme.

DEBENTURES

Funds raised through Debentures are being utilized for specific purposes. 51,55,171 – 17% Secured Redeemable Non-Convertible Debentures amounting to Rs. 17,52,75,814 were redeemed during the year.

GENERAL REVIEW

Slowdown of Indian Economy continued throughout the year, both in terms of G D P as well as Index of Industrial Production. Enhanced input cost of the products due to stiff competition could not be passed on to Consumers, however, due to effective steps for Cost Control measures including power consumption, minimization of wastage and effective Cash Management continues to pay dividends.

- Overall working of the Rayon Section was satisfactory.
- Some improvement in higher despatches is seen in the last quarter under review in Spun Pipes Section.
- Refractory Section continues to be in severe demand recession.
- Cement Sections continue to pass through the recession due to demand-supply mismatch.
- Despite the Tyre Industry passing through a difficult period due to decline in demand and unremunerative prices caused by offering of heavy discounts the Tyre Section has been able to maintain the Market Share.
- The working of Hindusthan Heavy Chemicals Section was not satisfactory.

RAYON SECTION

As indicated in the last report, the manufacturing operations in the plant remained suspended during the period from 02.08.2001 to 13.10.2001 and the same was resumed at the intervention of the Hon'ble Labour Minister, Government of West Bengal. The old wage agreement with the workers had expired in December, 1999. After a series of negotiations with all the concerned Unions and with the help of the Government, a fresh agreement was signed on 12.10.2001, settling their charter of demands amicably. Labour relations are now reasonably cordial.

Several measures for improvement in productivity and energy conservation were successfully implemented during the year under review. Unfortunately, the prices of yarn were depressed for major part of the year. Steep increase in Dearness Allowance coupled with additional burden of increased wages and other amenities due to labour agreement severely affected the profitability of the Section.

Despite the tough environment in the Domestic and Export Markets, the price of Viscose Filament Yarn (VFY) saw an increasing trend in Domestic Market during the second half of the year. Exports declined due to stiff competition from China. Similarly the market of Cellophane Paper was further affected due to surfacing of low priced Chinese Cellophane Paper. The Chemical business of the Section reported reasonable performance.

The Section for the seventh consecutive year received the National Energy Conservation Award, from the Ministry of Power, Government of India. In the history of National Energy Conservation Award Scheme, this time the Excellence Award was given to this Section only in the Country.

SPUN PIPES SECTION

The year under review continued to witness recession in Spun Pipe Industry. The cost of production has increased due to escalating input costs, whereas the gross realization rate was depressed. In spite of strong recession and stiff competition, we have been able to increase our despatches. The total despatches for the year under review were 38,877 MT against the despatches of 30,989 MT for the previous year.

REFRACTORY SECTION

The performance of the Section was adversely affected due to low demand of high quality materials and high cost of production. The Refractory Industry in general continues to be under severe demand recession. This is basically due to the on going recession in the Steel Industry without any hopeful indication of improvement in the near future. Due to persistent industrial problems, including indiscipline and unsatisfactory work culture resulting in unacceptable rate of rejection, the suspension of work was declared on and from 05.02.2002 and this is still continuing.

Production during the year 2001-02 decreased to 19,278 MT against 23,489 MT in 2000-01.

CEMENT SECTIONS

Kesoram Cement (Andhra Pradesh)

The production figures of this Section are as under :

Production	2001-2002 (Tons)	2000-2001 (Tons)
Clinker	6,87,373	6,95,755
Cement	7,27,447	6,92,424

Clinker and Cement productions were lower compared to 1999-00 levels due to prevailing recession in Cement Industry coupled with slow down in demand. Cement prices have been continuously under pressure due to persistent mismatch between Supply and Demand prevailing during the last three years.

Power consumption per ton of Cement has come down to 104 Units from 108 Units last year, due to implementation of various energy saving measures at this Section. Performance of Captive Thermal Power Plant continues to be satisfactory. 96% of total power requirement was met from own generation, which has helped to keep the cost of power at economical level.

By carrying out certain modifications in March, 2002 the output of KILN III has been increased by about 300 TPD.

The Industrial relations were generally cordial.

The Section has been awarded ISO 14001 Certificate for its effective implementation of environment schemes. For improving the standards relating to Health & Safety, this Section has started implementation of OSHAS 18001, which is still under progress.

In the Mines Safety Week Celebration, under the auspices of the Director General of Mines Safety, Kesoram's Basantnagar Limestone Mines won three first prizes for Environment & Pollution Control, Transport & Dust Suppression and Welfare Amenities and two second prizes for overall performance and operation & maintenance of Machines.

This Section has also won the award for Workers Welfare including Family Planning for the year 2000-01 of The Federation of Andhra Pradesh Chambers of Commerce & Industry, which was presented by the Hon'ble Chief Minister of Andhra Pradesh Shri N. Chandra Babu Naidu.