



KESORAM
INDUSTRIES
LIMITED

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Annual
Report
&
Accounts

2002-03





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

84th ANNUAL REPORT & ACCOUNTS 2002-03

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 ICICI Bank Ltd.)

Shri D. N. Mishra

(Nominee of LIC)

Shri Amitabha Ghosh

(Nominee of UTI)

Shri P. K. Mallik

Smt. Manjushree Khaitan

Shri S. K. Parik

(Also Company Secretary)

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

BNP Paribas

Canara Bank

Central Bank of India

Citibank N.A.

HDFC Bank Ltd.

ICICI Bank Ltd.

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

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NOTICE

TO THE MEMBERS

NOTICE is hereby given that the eighty-fourth Annual General Meeting of KESORAM INDUSTRIES LIMITED will be held on Thursday, the 26th June, 2003 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, 2003.
2. To declare Dividend on Ordinary Shares for the year ended 31st March, 2003.
3. To appoint Directors in place of Sarvashree K. G. Maheshwari, Pramod Khaitan and S. K. Parik, 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 'Special Resolutions' :

5. "RESOLVED that the Company do apply for voluntary delisting of the Ordinary Shares of the Company from The Delhi Stock Exchange Association Ltd. subject to the Ordinary Shares of the Company remaining listed at either of the Stock Exchanges having nationwide trading terminals i.e. The Stock Exchange, Mumbai or the National Stock Exchange of India Ltd. or any other Stock Exchange referred to in Regulation 5 of the 'Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003' and further subject to other compliance(s), clearance(s) as mandated under the said Guidelines."
6. "RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as given herein below :

The following Article be inserted after Article No. 87 in the Articles of Association of the Company :-

'(87A) Notwithstanding anything contained in these Articles, pursuant to Section 192A of the Companies Act, 1956, the Company may and in the case of matters relating to such business as the Central Government may, by notification, declare or any other statutory authority stipulate to be conducted only by postal ballot (including voting by electronic mode), shall get any resolution passed by means of a postal ballot (including voting by electronic mode) instead.

If a resolution is assented by the stipulated majority of the shareholders by means of postal ballot ((including voting by electronic mode), it shall be deemed to have been duly passed at a General Meeting in that behalf '.

By Order of the Board

Regd. Office :

9/1, R. N. Mukherjee Road

Kolkata - 700 001

Dated, the 30th day of April, 2003

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 5th June, 2003 to 26th June, 2003 (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 7th July, 2003 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 4th June, 2003 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** or the **Share Transfer Agents** on or before 4th June, 2003. 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 or the **Share Transfer Agents** of the Company *i.e. AXC Computers (P) Ltd.*, National Council of Education Building, Jadavpur University Campus, Jadavpur, Kolkata-700 032 well before the Book Closure Date as stated above.
5. In order to avoid the risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, Shareholders are advised 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 / Share Transfer Agents** or **Depository Participants**, as the case may be, to avail benefit from this service.
6. (a) Members are requested to notify the change in address, if any, to the **Company / Share Transfer Agents**, 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 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 / Share Transfer Agents** or the respective **Depository Participant(s)** as the case may be, their Pin Code immediately for speedy and proper delivery.
7. Members, who are holding Shares in identical order of names in more than one Folio, are requested to apply to the **Company / Share Transfer Agents** along with the relevant Share Certificates for consolidation of such Folios in one Folio.
8. 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 / Share Transfer Agents**.
9. (a) Under the provisions of Section 205A of the Companies Act, 1956, the Company has already deposited all unclaimed dividends declared up to and including the financial year ended 31st March, 1995.
 - (b) Pursuant to the provisions of Section 205A read together with 205C of the Act, as amended, dividends and interests etc. for the financial year ended 31st March, 1996 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 *interest warrant(s)* issued after 1st April, 1996 and/or the *dividend warrant(s)* for the financial year ended 31st March, 1996 or any subsequent financial years so far, are requested to make their claim to the **Share Department / Share Transfer Agents** of the Company.

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

10. (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 along with 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.
11. As per requirement of Clause 49 VI (A) of the Listing Agreements with Stock Exchanges, the particulars of Directors retiring by rotation and eligible for re-appointment are given in the Corporate Governance Section of this Annual Report.

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

Item No. 5

The Ordinary Shares of the Company are at present listed in India at the National Stock Exchange of India Ltd. (NSE), The Stock Exchange, Mumbai (BSE), The Calcutta Stock Exchange Association Ltd. (CSE) and The Delhi Stock Exchange Association Ltd. (DSE).

As per "**Securities & Exchange Board of India (Delisting of Securities) Guidelines – 2003**" it is open for the Company to get voluntarily delisted its securities from a Stock Exchange provided its securities continue to be listed in the Stock Exchange having nationwide trading terminals i.e. NSE or BSE.

Since the shares of the Company are already listed and continue to be listed *inter-alia* at NSE & BSE, as stipulated by the aforesaid guidelines, which have trading terminals in various cities affording the investors access to trade and deal in the Company's ordinary shares across the country.

During the last 12 months no transaction has taken place in DSE due to the availability of nationwide terminals of NSE & BSE everywhere, therefore, it is proposed to get delisted the ordinary shares of the Company from the said Exchange as it will hardly cause any inconvenience to the investors.

The resolution under this item is intended to obtain the approval of members for proposed delisting of ordinary shares of the Company from DSE and your Directors recommend its approval.

None of the Directors or Manager of the Company is interested in the proposed resolution.

Item No. 6

A new Section 192A has been inserted in the Companies Act, 1956 empowering the Central Government to declare that certain matters can be transacted by the Company through a resolution passed by a Postal Ballot only. SEBI has also stipulated as Non-Mandatory Requirements for certain resolutions to be passed by Postal Ballot under the Corporate Governance clause of the Listing Agreement with the Stock Exchanges for making possible the wider participation of shareholders in taking key decisions of the Company.

New Article 87A is proposed to be inserted to meet the foregoing requirements for passing of certain resolutions by Postal Ballot only.

According to Section 31 of the Companies Act, 1956, it is necessary to pass a Special Resolution to amend any of the provisions of the Articles of Association. Therefore, the Board recommends the resolution for approval of the members.

None of the Directors or Manager of the Company is interested in the proposed resolution.

By Order of the Board

Regd. Office :
9/1, R. N. Mukherjee Road
Kolkata - 700 001
Dated, the 30th day of April, 2003

S. K. PARIK
Director & Secretary

REPORT OF THE DIRECTORS**FOR THE YEAR ENDED 31ST MARCH, 2003**

Dear Members,

Your Directors have pleasure in presenting the eighty-fourth Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS

	31st March, 2003 Rs.	31st March, 2002 Rs.
Turnover (including Inter-Section Transfers)	14,02,11,49,640	13,56,19,90,115
Gross Profit	93,23,63,278	84,18,66,348
Less : Depreciation (Net of transfer from Revaluation Reserve)	54,10,96,018	33,04,52,254
Provision for Minimum Alternate Tax (MAT)	4,25,00,000	4,00,00,000
Provision for Contingencies	6,73,00,000	5,77,00,000
	65,08,96,018	42,81,52,254
Net Profit	28,14,67,260	41,37,14,094
Debenture Redemption Reserve written back	10,36,00,000	—
Excess Provision for 2001-02 proposed dividend written back	36,91,192	—
Amount available for appropriation which the Directors have appropriated as under :	38,87,58,452	41,37,14,094
(a) Share Buy-back Reserve	2,23,15,640	4,59,06,180
(b) General Reserve	3,00,00,000	7,75,00,000
(c) Proposed Dividend	9,18,56,884	9,63,20,012
(d) Tax on Proposed Dividend	1,17,69,163	—
(e) Balance carried forward to next year	23,28,16,765	19,39,87,902
	38,87,58,452	41,37,14,094

DEFERRED TAX

In terms of the order of the Hon'ble Calcutta High Court dated 5th February, 2002, the Company has utilised Rs. 982.28 lacs (net) from the Securities Premium Account under the head Reserves & Surplus towards making provision for 'Deferred Tax' for the year under review, required to be provided as per Accounting Standard on 'Accounting for Taxes on Income' (AS-22) prescribed by the Institute of Chartered Accountants of India.

BUY-BACK OF SHARES

Under the first Buy-back Scheme of its own shares by the Company, pursuant to sanction of the Shareholders in its meeting held on 22nd June, 2001, it could buy-back 64,36,214 Ordinary Shares against permissible limit of 78,42,280 Shares being 82.07% within the allowed period due to less participation by the Shareholders.

Further, pursuant to decision of the Board on 9th December, 2002, the Company has started second Buy-back Scheme of its own shares not exceeding 46,25,000 Ordinary Shares up to a maximum price of Rs. 40 per Share from open market through the Stock Exchanges. 3,85,968 Ordinary Shares have been purchased up to 31st March, 2003, at an average price of Rs. 27.05 per Share at the total cost of Rs. 104.40 lacs. Subsequently, buy-back of 1,42,579 Shares have been made up to 25.04.2003 at an average price of Rs. 27.81 per Share at the total cost of Rs. 39.65 lacs.

RESTRUCTURING

The Company has made an application U/s. 391(1) & 393 read with Section 100 of the Companies Act, 1956 for amalgamation of KICM Investment Ltd. (KICM), a wholly owned subsidiary, in the High Court at Calcutta and the said Court has passed an Order on 31st day of March, 2003 to convene a meeting of Equity Shareholders on 15th May, 2003 for the purpose of considering and if thought fit approving with or without modification the proposed Scheme of Amalgamation. The said Scheme is proposed to be effective from 1st of April, 2003 and all the assets & liabilities of KICM will stand vested with the Company

from the aforesaid date if approved by the Shareholders and the said Hon'ble High Court. Since KICM is a cent percent subsidiary of the Company as such no Ordinary Shares will be issued or any security or any consideration shall be paid to the members of the said Company.

Further, during the year holdings in Softshree Estates Ltd. and Grant Properties Ltd., two subsidiaries, were divested.

FIXED DEPOSITS

In spite of repeated reminders, Unclaimed Deposits of Rs. 38,607 (lying deposited with a Bank due to six parties), as got transferred on merger of Birla Century Finance Ltd. with the Company, are still awaiting completion of the formalities by the Parties for settlement thereof.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

In terms of Sections 205A and 205C of the Companies Act, 1956 read together with General Circular No. 22/2002 dated 23rd September, 2002 issued by the Department of Company Affairs, the Company deposited Rs. 142.28 lacs being the various unclaimed amounts (including Rs. 21.75 lacs of Birla Century, one of the amalgamated companies) during the year under review in the 'Investor Education and Protection Fund' established by the Central Government.

AUDITORS' REPORT

Note 1(c)(vii), 10(b) and 1(j) on Schedule No. 17 referred to by the Auditors in their Report (paragraphs 4.1, 4.2 and 4.7 respectively) and their remarks in paragraphs 6, 8 and 14 of the Annexure to Auditors' Report, are self-explanatory and require no further explanation. As regards paragraphs 1 and 3 of the Annexure to Auditors' Report, the verification of certain fixed assets and inventory items could not be carried out due to suspension of work at the concerned section.

DIVIDEND

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

	31st March, 2003 Rs.	31st March, 2002 Rs.
On 4,59,28,442 Ordinary Shares as on 31.3.2003 of Rs. 10 each @ Rs. 2.00 per Share (Previous year Rs. 2.00 per Share on 4,81,60,006 Ordinary Shares)	9,18,56,884*	9,63,20,012*
	<u>9,18,56,884</u>	<u>9,63,20,012</u>

* The number of Shares on which the Dividend has been recommended will be further reduced on account of the bought back shares since the year-end. In the previous year 2001-02, the Dividend was declared less on 18,45,596 Shares as recommended in the Annual Accounts which were purchased by the Company after 31st March, 2002 till the date of declaration of Dividend.

DEBENTURES

Funds raised through Debentures were utilized for specific purpose during the year. Secured Non-Convertible Debentures of Rs. 100 each aggregating to Rs. 53 crores of two series were redeemed during the year under reference.

GENERAL REVIEW

Indian economy had a mixed performance in 2002-03. The enhanced input cost of the products could not be passed on to the consumers due to stiff competition. However, due to effective cost control measures, cash management and reduction in interest burden etc. have contributed to minimize effect to some extent.

- Overall working of Rayon Section was satisfactory.
- Input Cost has gone significantly up against the stagnant realizations in Spun Pipes Section though some improvement in dispatch is seen.
- Refractory Section continued to be under suspension of work.
- Cement Sections remained continuously under pressure during the year due to persistent gap between supply and demand which resulted in poor realizations.
- Consistency in quality maintained by Tyre Section has been recognized in domestic as well as international market.
- Subdued market resulted in unremunerative prices & under capacity utilization for all products of Hindusthan Heavy Chemicals Section.

RAYON SECTION

The technical & financial performance of the Section was satisfactory.

The Section's endeavour to improve productivity & quality level of Viscose Filament Yarn has resulted in enhanced capacity utilization and betterment in first quality yarn. This has enabled it to consolidate its market position. However, the fall in export orders for fabrics due to US-Iraq War, agitation by weavers over introduction of Government regulations like Excise on textiles & VAT resulted into poor demand and accumulation of stock during later part of the year.

The production of Viscose Filament Yarn was 7,103 tons against 5,414 tons of last year. Export was 510 tons against 448 tons last year. Operating margins were significantly up due to better sales realization, higher capacity utilization, larger share of first quality yarn, tight control over cost & working capital and enhanced shop floor efficiencies. Installation of new equipment and major renovation of power house have been undertaken to further reduce the cost of power generation.

The production of Transparent Paper was 2,255 tons against 2,030 tons of last year. Export was 330 tons against 298 tons of last year. The import of cheaper Chinese paper increased substantially during the year under review resulting into decline in sales and realization, thus affecting the business of Transparent Paper.

The Chemical business of the Section was more or less satisfactory but the sales realization was not remunerative compared to the price of Sulphur which increased heavily during last quarter of the year.

The Section for the eighth consecutive year received the 'National Energy Conservation Award' and again this year the 'Excellence Award' from the Ministry of Power, Government of India.

Labour relations were cordial throughout the year.

SPUN PIPES SECTION

During the year under review, there was a good demand in the market but with poor realizations and no upward revision in DGS&D rates. Cost of Pig Iron increased by more than 15%, while gross realization per MT was more or less the same.

Production improved by 27% compared to last year and we were able to produce 43,236 MT as compared to 34,015 MT last year.

Total dispatch improved by 11% (approx.) and the same for the year under review was 43,311 MT as compared to 38,877 MT last year. Stock increased marginally by 3% (approx.) while we have 12,000 MT of orders in hand accounting for almost 3-1/2 months production.

REFRACTORY SECTION

The suspension of work declared on and from 5.2.2002 is still continuing and as such the production during the year 2002-03 was Nil.

CEMENT SECTIONS**Kesoram Cement**

The production figures of the Section are as hereunder :

Production	2002-2003 (MT)	2001-2002 (MT)
Clinker	7,16,759	6,87,373
Cement	7,35,012	7,27,447

Clinker and Cement production would have been still higher but for the recession prevailing in Cement Industry. Cement prices have been continuously under pressure due to persistent gap between supply and demand. The Blended Cement launched under the brand name of 'BIRLA SHAKTI' is widely accepted and has started becoming popular in the market. This Unit enjoys a good brand name and its product is well received in the market.

Power consumption per Ton of Cement has come down to about 102 KWH from 104 KWH last year, due to implementation of various energy saving measures at this Section.

Performance of Captive Thermal Power Plant continues to be satisfactory. 97% of total power requirement was met from own generation, which has helped to keep the cost of power at economical level.

The Industrial relations were very cordial.

Apart from already achieving ISO-9001-2000 and ISO-14001 Certificates, this Unit has been awarded OHSAS 18001 (Occupational Health & Safety Assessment Series) Certificate for its effective implementation of standards relating to health & safety. Government of Andhra Pradesh also conferred an Award for achieving this certification, which was presented by the Hon'ble Minister of Labour & Factories, Government of Andhra Pradesh on 4th March, 2003 at Hyderabad.

In the Mines Safety Week celebrations, under the auspices of the Director General of Mines Safety, Kesoram's Basantnagar Limestone Mines won three First Prizes for Environment & Pollution Control, Protective Equipment, Vocational & Supervision

Standard and Operation & Maintenance of Heavy Equipment, three Second Prizes for Safe Drilling & Blasting, Housekeeping & Welfare amenities and also won the Second Prize for overall performance. So also under Mines Environment & Mineral Conservation Week organized by Indian Bureau of Mines, Limestone Mines of this Section won 1st Prize of Waste Dump Management and three Second Prizes for Afforestation, Air Quality Management and Noise Vibration Studies & General Aesthetic Beauty.

Vasavadatta Cement

The production figures of this Section are as under :

Production	2002-2003 (For Unit I & II) (MT)	2001-2002 (For Unit I & II) (MT)
Clinker	17,42,417	14,47,617
Cement	17,61,794	15,30,907

This Section has achieved highest ever production of both Cement and Clinker since its inception. The capacity utilization achieved during the year is 147% with average power consumption of 79 KWH per ton of Cement as against 80 KWH in previous year. The Blended Cement launched under the brand name of "BIRLA SHAKTI" is widely accepted and has become popular in the market. The prices have been under pressure due to mis-match in demand and supply since last four years, consequently the competition has been very severe in the year under review. Hopefully, the situation will improve in future. The 15.7 MW Captive Power Plant continued to play a key role in controlling the cost of Cement production. The total generation achieved during the year is 118.14 million KWH, which is the highest power generation ever achieved in this unit since commissioning with the average load factor of 89.03%.

The Industrial relations throughout the year remained cordial and the same is hoped to be maintained in future. The Section has also received OHSAS 18001 Certification from M/s. Det Norske Veritas, New Delhi and also Bureau of Indian Standards (BIS) has certified the Quality Management System as per new version i.e. ISO 9001-2000 besides getting ISO-14001 certification.

The Limestone Mines of this Section bagged four 1st Prizes for Injury Rate Performance, Top Soil Management, Afforestation and Publicity & Propaganda. Six 2nd Prizes for use of Explosives, Transport of Mineral & Overburden, Environmental Control, Waste Dump Management, Dust Suppression Arrangements and overall performance from Dy. Director of Mines Safety during Mines Safety Week Celebration and Environment & Mineral Conservation Week in Gulbarga Zone.

BIRLA TYRES SECTION

The gross turnover of the Section this year is Rs. 643.87 crores as compared to Rs. 610.86 crores during the previous year. In spite of stiff competition, we still have been able to hold on to our market share. The export sales for the year under review amounted to Rs. 125.98 crores as against Rs. 107.15 crores in the previous year.

Consistency in quality maintained by the Section has been recognized in domestic as well as international markets. Our Steel Radial Passenger and LCV tyres introduced in collaboration with M/s. Pirelli have been well received in the market.

Although Raw Material prices have risen sharply, the Section has been able to maintain its bottom line due to various cost cutting measures and improving realizations due to proper segmentation.

In recognition of its HRD practices, the Section has been awarded the Shield from the Confederation of Indian Industry for excellence in the field of Human Resources Development for the year 2002-2003.

Relations with employees have been cordial and conducive to growth.

HINDUSTHAN HEAVY CHEMICALS SECTION

The production figures of the Section were as under :

Production	2002-2003	2001-2002
Caustic Soda	10406 MT	9566 MT
Sulphuric Acid	17036 MT	17108 MT
Ferric Alum	2552 MT	2281 MT
Hydrogen Gas (Purified)	697054 M ³	532318 M ³
Stable Bleaching Powder	Nil	865 MT

The capacity utilization for all the products have been lower due to unremunerative prices, outside supply and demand pressure at lower rates. The price level of Caustic Soda & joint products improved slightly during the year. Sulphuric Acid prices increased in second half. Demand for Hydrogen was affected due to lower off-take from Vanaspati Sector.