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A V Birla Group:

Legacy of Free Enterprise and Diversification

Amar K.J.R Nayak©

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Author's contact: amar@ximb.ac.in <http://www.ximb.ac.in/ccr/>

A V Birla Group

Legacy of Free Enterprise and Diversification

The case of the Birla Group is an amazing story that reveals several aspects of the history of Indian industrial policies, nexus of businessmen-politicians-bureaucrats over the years, ambition to grow among the Indian businessmen, and the journey of a marwari family from small trading of spices and opium to big business over a period of about 140 years.

The case highlights the legacy of a business house consisting of some significant businessmen, viz., Ghanashyam Das Birla, Basant Kumar Birla, Aditya Vikram Birla and Kumar Mangalam Birla. It provides a window to peep into the methods and strategy adopted by these business legends for building a business empire and for creating an Indian Multinational as early as by 1980. The case very well depicts diversification as a successful growth strategy in a developing country context with several institutional and policy deficiencies along with the politicians-bureaucrats being prey to business interests. The story of the Birla group also brings in a new dimension on the determinants of internationalization of companies from developing countries like India.

During the period prior to 1969, when state run enterprises were more favoured than private enterprises in India, the group under G D Birla, grew and expanded the most. During the next 20 years, under A V Birla, the group expanded and grew in the South East Asian countries. With the onslaught of the liberalization and privatization of the Indian economy since 1991, the Birlas came back with vengeance to intensify their growth and expansion in India.

AV Birla Group Companies Performance Indicators

In 2008, the AV Birla group that represent a majority of the businesses of the Birla family has an asset base of about 75,000 crores. The group has been in a wide ranging products and services such as viscose staple fibre, rayon grade pulp, fabrics, garment, aluminium, copper, steel, chemicals, cement, telecommunication, insurance, mutual funds, financial services, retailing, etc. The major companies of the group include Hindalco, Grasim, and Aditya Birla Nuvo. See Table 5.1 for major group companies and their products and services.

Hindalco has been largely in metal business with a focus on aluminium. In the last 20 years (1989-2008), Hindalco has grown from an asset base of INR 377 crores to 30,963 crores that is over 8200 %. While the annual sales during this period has grown from INR 516 crores to INR 20,880 crores, the yearly profit after tax has grown from INR 31 crores to INR 2861 crores. In 2007, Hindalco acquired Novelis, the largest product producer in Europe, South America, and Asia. See Table 5.2 for key financial indicators and Table 5.3 for major milestones of Hindalco.

Grasim has been in the business of viscose staple fibre, rayon grade pulp, textiles, chemicals, and cement. Over the last 20 years (1989-2008), the assets of Grasim have increased from INR 757 crores to INR 14,142 crores that is about 2000 %. The annual sales have increased from INR 695 crores to INR 11605 crores. The profit after tax has increased from INR 44 crores to INR 2233 crores. See Table 5.4 for key financial indicators and Table 5.5 for the major milestones of Grasim.

AB Nuvo is the third major sub group of companies of the AB Birla Group. Nuvo has a highly diversified portfolio of businesses, viz., telecommunication, insurance, mutual funds, financial services, apparel retail and exports. It is the holding company of the group and in future likely to grow its stakes on the various group companies. During the period 1989-2008, the company has grown from an asset base of INR 503 crores to INR 7693 crores that is 1500 %. The profit after tax has also increased from INR 11 crores to INR 243 crores. See Table 5.6 for key financial indicators and Table 5.7 for major milestones of AB Nuvo

Idea Cellular is a flagship company of the AB Nuvo. With the opening up of telecommunication industry to the private sector after 1991, the group added this business into its fold. In just about 10 years (1998-2008), the asset base of this company has increased from INR 1196 crores to INR 12,912 crores, an increase by about 1100 %. From making losses in the first seven years (1998-2004), the company's profit after tax has risen to INR 1044 crores in 2008. See Table 5.8 for key financial indicators and Table 5.9 for major milestones of Idea Cellular.

In addition to its businesses in India, AV Birla group is well entrenched in the south east Asian countries viz., Thailand, Philippines, Indonesia with leading manufacturing of viscose staple fibre, yarn, carbon black and palm oil refining. It is also present in China, Canada, Australia, Africa and Europe. See Table 5.10 for the international companies of AV Birla Group.

In addition to the current business of AV Birla Group, Kumar Mangalam Birla is the direct heir of the businesses of his grandfather, B.K. Birla. The businesses under B.K. Birla Group include Century Textiles, Kesoram Industries, Century Enka and others. This group has also increased its asset base from INR 1597 crores in 1990 to INR 7998 crores in 2008. The businesses of other Birla Brothers such as Paradeep Phosphate, Hindustan Times Media Ltd, Texmaco and The Hindustan Times of K.K. Birla, Birla Corporation Ltd of M.P. Birla, Heidelberg Cement India Ltd of S.K. Birla, and Hindustan Motors of C.K. Birla have also grown significantly during the last 18 years of liberalization and privatization. A few financial indicators (Sales, PAT, and Assets) of all the Birla group of companies along the period 1990, 1995, 2000 and 2008 is given in Table 5.11.

In addition to the 56 companies listed in Table 5.11, the Birla group is a vast business empire with many other business units and subsidiaries. Indeed, the variety of business interest of the group covers all most all the sectors of the Indian industry and economy; highlighting the extent of business growth of the Birla family during the last 140 years in India and abroad.

The phenomenal diversification of business, and their growth and expansion of the Birlas across time from the middle of 19th century to the 20th century and early 21st century has been amazing. With its huge spread of businesses across various sectors, it appears that the Birlas alone represent the various industries of India. While it will be extremely difficult to explain the phenomena within a single case study as it raises a myriad of questions, we shall deal with a few questions in this piece of case study. What has been the major growth strategy of Birla Group? Why did the group go international as early as in 1969? What has been the business culture of the Birlas that has spun off new businesses? What have been the processes & methods adopted by the Birlas for growth & expansion? How has the group raised capital and resources in the home country and outside? How has the group been restructured to achieve growth in the 21st century? How did the group and G.D. Birla in particular influence and direct India on its economic and industrial policy in the twentieth century? How have the Birlas leveraged the various industry policies and incentive structure (LPG policies) of the Govt. of India and that of other countries?

3. Genesis of Birla Group and Generations of Diversifications

The origin of the rich entrepreneurial venture and business culture of the Birla Group goes back to six generations from Kumar Managalam Birla, the current chairman of the AVB Group. See **Chart 5.1** for the family tree of the Birlas. Seth Shivnarain, son of Shobharam Birla was the first to go out of Pilani and begin his venture in Bombay. Shobharam Birla was a munim or chief clerk with a banking firm of Ganeriwalas, where he earned INR 10 per month. Upon the death of Shobharam Birla, Shivnarain was offered to the job of his father, but instead of taking the offer, he decided to move with the wave of migration following the Indian Revolt of 1857. The twenty years Shivnarain moved with large group (sangh) to de-risk attacks from dacoits on the way, the fellow travellers used various modes of travel such as camel, horse, and boat to reach to the nearest railway station in Ahmedabad. From Ahmedabad, he took a train to reach Bombay. From Pilani to Bombay, Shivnarian had taken 20 days to travel.

In Bombay, Shivnarian did not take up the traditional function of munim that the migrants among the Agarwals and Oswals took up; he instead, with a fellow marwari, Hardayal Padia engaged in opium satta (trading) for the first two years. Having learnt the tricks of the trade in the first two years, Shivnarain began to trade independently on opium and made good fortune from his speculative skills. During his visits to Pillani, Shivnarian performed acts that were associated to successful Marwari migrants, such as opening wells for his villager folks, consecrating a temple dedicated to the god Shiva and most importantly building a haveli. Over a period of twenty years of his migration in 1857, Shivnarain's haveli was the most significant building in Pilani[1].

In 1875, twelve year old Shivnarain's only son, Baldeodas joined him in the business in Bombay and they set up a Gaddi (term used by the marwaris for an independent firm) named 'Shivnarian Baldeodas' near Mumbaidevi in 1879. The duo engaged in the speculation of opium and made large fortunes. Their trade in opium and increasing contact in the marwari community else where led to move more towards Calcutta, the centre of opium trade and that the marwaris had emerged to be a formidable force in Bara Bazar, Calcutta as compared to their counterparts in Bombay that was dominated by the Gujurati traders. By 1890,

[1] Kudaisya, Medha M.2003. The life and times of G.D. Birla. Oxford University Press. The section on Genesis of Birla Group and the next section on G.D. Birla have been largely drawn from this reference.

‘Shivnarain Baldeodas’ began active trading in Bara Bazar. Baldeodas, the son of Shivnarain inaugurated his gaddi (independent firm) at Kaligodam Number 18, Mullick Street, Bara Bazaar in 1896. Soon the junior Birla made his mark among the established opium traders in Bara Bazaar was part of the top four opium speculating firms that were known as ‘Bare Chaurastia’ (the gang of four). The Birlas performed well in the speculation business and made huge fortunes by this time as is evident of successful migrant marwaris on their social activities in Pilani. In 1899, when Rajputana, region around Pilani had a severe drought, Shivnarain and Baldeodas opened several relief centres, a free canteen and a cheap grain stores for the poor of the region.

The gaddi set up by Baldeosdas in Bara Bazaar, Calcutta began to grow. The business expanded and soon he was joined by his eldest son Jugalkishore, who had got some rudimentary training in arithmetic. Baldeodas wanted his children to be taught just enough to be able to trade as he believed that a learned man never be a trader. Upon Jugalkishore joining Baldeodas in the business, the Birlas were now known as ‘Baldoedas Jugalkishore’. The firm gradually moved from speculation of opium to actual trading of opium that had remained exclusively by the English traders. Business of the Birlas grew and expanded in both Calcutta and Bombay.

Gradually, the other three sons of Raja Baldeodas were inducted to the family businesses. Initially, young Ghanashyamdas was sent to school set up by the marwaris in Calcutta and he was under the care of elder brother Jugalkishore, who was 11 years older to him. At age 12 Ghanashyamdas was trained in Shivnarain Baldeodas in Bombay. By this time Shivnarain Baldeodas was not only in trading of opium but also in trading of cotton, wheat, rape-seed, and silver. Soon after Shinarain passed away, Baldeodas took retirement from active involvement in the business, leaving his sons to manage the businesses. Ramershwardas were to run the business in Bombay and Jugalkishore and Ghanashyamdas were to run the business in Calcutta.

The Birlas soon grew to be at the forefront of the marwari community in Calcutta. In addition to his deep involvement in the family business, Ghanashyamdas took active interest in the marwari social organizations and engaged in several public affairs. The interest of Ghanashyamdas in local politics and then in the national politics was rooted with the humiliation on business transactions he had to face from the European businessmen. On one occasion, Ghanashyadas was unceremoniously asked to leave a meeting in progress, when an English broker entered the room. Ghanashyamdas recalled "*I smarted under these insults and this created within me a political interest which from 1912 until today I have fully maintained*."

In 1914 he was implicated in a revolutionary terrorist case, the Rodda Conspiracy Case, following the Partition of Bengal in 1905 and the Swadeshi Movement of that period. Ghanashyamdas had been actively involved in the Marwari Sahayak Samiti and the Hindu Club, organizations that were asked to discontinue. Ghanashyamdas went hiding undergrounds and seems to have spent weeks dressed as a Sadhu to whisk away from the warrant orders. The strong lobbying by the marwari leadership with Sir Kailash Chandra Bose, Saraknath Sadhu, the government lawyer and Puranchand Lahiri, a prominent Calcutta lawyer led to withdrawal of five warrants including that of Ghanashyamdas.

Baldeodas and Jugalkishore ensured that Ghanshyamdas get in to the mainstream of business and public life by making him the vice president of the Marwari Relief Society under the presidentship of Kailashchandra Bose. While the Calcutta gaddi was managed by both Ghanashyamdas and his elder brother, Jugalkishore, the new firm, 'G.M. Birla' set up by Ghanashyamdas in partnership with his brother-in-law began to be fully managed by Ghanashyamdas. The active involvement of Ghanashyamdas into the family businesses and his engagement in the mainstream public activities were probably the roots and foundation to the building of the Birla business empire in the subsequent years.

With the breaking of the world war and shortage of supplies, the Indian traders, including Birlas made huge profits. At the end of the WW-I, the Birlas stood second only to the powerful European managing agency, Ralli Brother, in the accounts of clearance of raw jute and jute fabrics in 1919. There was no stopping to the growth of Birla business that was firmly lead by Ghanshyamdas (from hereon G.D.). The process of diversification of the Birlas from opium trading to metal trading to jute trading to cotton and then to setting up cotton mills and many more encompassing all possible industries in the subsequent years until 1983 till he was alive were directly shaped or influenced by G.D.

By 1940, the Birla business had sprawled and the children of Birla Bothers had been inducted to various businesses. The New Asiatic Insurance Company and a starch unit in Rangoon was under Laxmi Niwas, the eldest son of G.D. A number of sugar mills were under Krishna Kumar, the second son of G.D. A number of sugar mills were under Krishna Kumar, the second son (first son from his second wife) of G.D. Kesoram Cotton was being chaired by Basant Kumar, the third son (second son from second wife) of G.D. Birla Jute Mill was under Madhav Prasad, the second son of Rameswardas. Ganga Prasad, son of Braj Mohan had also begun to take responsibilities in the businesses. It was only Gajanan who had not yet been inducted to family businesses.

The shortage of supplies from British industries during the World War-II (1939-45), the Indian businesses made immense profit from the wartime expansion. There was huge growth in demand for items like steel, coal, jute for gunny bags, khakhi uniforms, canvas, leather for boots, harness and saddlery, paper, and sugar. Being a leading business group, the Birlas made huge profits from the war. For example, the Birlas owned as many as five sugar mills in Bihar and Uttar Pradesh that were all set up during 1931-1933.

After India's independence in 1947, the Birlas had managed to expand their businesses despite the Nehruvian socialistic approach to industrial development in India. The number of private companies controlled by the Birlas increased from 61 to 105 during the period 1951-1958. Its share capital increased by 276 % that is from INR 24.8 crores to INR 68.6 crores from the period before independence, 1947 to 1958. Birlas by then had entered in several areas like jute, cotton, staple fibres, textiles, tea, cement, paper, sugar, fertilizers, chemicals, insurance, banking, newspaper, education, airlines, automobiles, and aluminium. See Table 5.11 for the year of incorporation of the major Birla companies over the years. By 1958, together with the Tatas, the Birlas accounted for nearly 20% of the total physical assets of the corporate private sector in India.

The Birlas managed to grow even under the broad socialist policies of Jawaharlal Nehru. Their active engagement in influencing the policies and programmes of the Government became more visible with time. It was observed by the Monopolies Enquiry Commission, 1965 that 56% of the total financial assistance from the Government and its national banks had gone to the large business houses and about 25% of the total public finance had been garnered by the Birlas. B. Dutt of the Company Law Department data analyses showed that the 20 large industrial houses had increased their assets by more than 54% in just about four years (1963-64 to 1967-68). During the same four years, the Birlas had increased their assets by 96.6%. Through the two managing agencies, Birla Brothers (founded in 1919), and Birla Trust (worth 300 million pounds) had spearheaded the growth of Birla business empire that consisted of over 200 companies by 1970.

Around 1965, the discussion to dismantle the 'Managing Agency' had already begun and it came into force on April 2, 1970. Like the British entrepreneurs, the Tatas, and the Birlas had adopted this control mechanism by which a businessman through a holding company could have controlling stakes on various unrelated businesses. Aware of the challenges that they were to face with the new government under Indira Gandhi, G.D. has probably planned to move his business expansion in other countries outside India. Interesting, by 1969, the UCO Bank, set up G.D. in 1942 had not only expanded it branches to 314 locations in India but also had expanded its operations in eight countries including its offices in London, Malaysia, Singapore, and Hong Kong. The Birlas had also established a textile mill in Ethiopia in 1959. Further, Braj Mohan had set up an engineering unit in Nigeria in 1964.

At this juncture, that Aditya Birla, the favourite grandson of G.D. returned from USA in July 1964, after completing his graduate studies in Chemical Engineering from the Massachusetts Institute of Technology. Aditya had very high ambition like that of his grandfather, G.D. as can be noted from his plans during his study in MIT. He expressed some of that in a letter to his mother, Sarala Devi and his grand father, G.D.

> *Respected Ma, Kakoji*
>
> *Today, is the 5th of November. My birthday is on the 14th.*
>
> *Ma, I don't know why, my outlook has changed a lot. So far, I though of only studies- studies and studies. Now I feel that studies will be completed in 7 months- thereafter, I have to work. I now feel that I should enter business at the earliest- and create something really big- something really big- really BIG. I now realize that studies would be over soon. Until recently, the aim was to join MIT- then it shifted to getting the degree from MIT. Now the aim is to become very big and important in business. Big and important not only in business - but also in other aspects in life*[2].

With the Birlas out of favour in the eyes of the Government and restrictions on big businesses in India, the appetite to grow for both G.D. and the young Aditya led the group to expand their manufacturing operations outside India. As early as 1969, Aditya Birla set up

[2] Piramal, Gita. 1996. Business Maharajas, Viking, Penguin Books India, New Delhi

the Indo-Thai Synthetic Company in Thailand. With the political and business network of his grandfather, G.D. and the trained professionals of G.D. and B.K. Birla, father of Aditya greatly facilitated the successful entry and operations of Aditya's ventures in the South East Asian countries.

By 1976, Aditya Group had four major ventures in South East Asia, viz., Indo-Thai Synthetics, Century Textiles and Thai Rayon in Thailand and P.T. Elegant Textile Industry in Indonesia. To skirt the regulations on limits of foreign exchange withdrawal, the Birlas for example, imported the spinning machine from Texmaco in India, a K.K. Birla group company. After 1976, Aditya expanded rapidly in the region. A new carbon black plant was set up in Thailand in 1979-80 and a viscose rayon staple fibre plant, P.T. Indo Bharat Rayon in Indonesia in 1980. Thai polyphosphate and Chemicals Co. Ltd was set up in 1984. The current international presence of A V Group is shown in **Table 5.10.**

> As Gita Pirmal notes in her book, Business Maharajas: *Over a span of twenty-five working years,* (Aditya) *Birla built some seventy plants manufacturing acrylic fibre, aluminum, aluminium fluoride, anydrous sodium sulphate, argon gas, beaching powder, carbon black, carbon di-sulphate, caustic soda, chlorosulphonic acid, coconut oil, fertilizer, flax, hosepipes, hydrogen peroxide, industrial machinery, insulators, lighting arrestors and condensers, palm oil, ploy aluminium chloride, paper, polyster filament yarn, polynosic and other speciality fibres, portland cement, rayon grade pulp, sea water magnesia, sponge iron, sodium tripolyphospate, STPP (a detergent intermediate), sulphuric acid, textiles, viscose filament rayon yarn, viscose staple fibre, and white cement, besides a string of small power plants. A human factory-making factory, other industrialists said, and acknowledged his achievements by calling hum "Aditya babu".*

As soon as he realized that his time was near to leave when he was diagnosed of prostrate cancer, he mustered all his energies to train and equip his son Kumar Managalam Birla to take over the reins of the business. Kumar with his education in commence and MBA from London School of Business had been well exposed to the financial issues of a growing business conglomerate. With the assistance of able, experienced and efficient professionals of the group and grandfather, B.K. Birla and mother Rajashree, Kumar took over the charge of the group companies. During his tenure as the chairman of the group, he has reorganized the group into three sub groups viz., Hindalco, Grasim and AB Nuvo. The growth tools of today such as acquisitions, mergers, restructuring, capital generation from the public, public financial institutions, and banks have been effectively used by the group companies to grow at an explosive growth in the last about 13 years.

The G D Birla Phenomena:

The Birlas under G.D. Birla grew and established themselves firmly within the marwari community and the Indian industry. The Birla Brothers had the most explosive growth during G.D.'s active years in the family business. His political network among the Indian political leaders, the British Bureaucracy and his strong influence among the fellow Indian businessmen gave him the power to build one of the largest business enterprises in India. He indeed not only the force behind the growth of the Birlas but he was the chief strategist of the Indian businessmen, to direct the economic polices of the country towards free enterprise and capitalism, wherein the private firms could achieve the highest growth.

G.D.'s interest in politics arose around 1912 after an incidence; when his meeting with some English businessmen was in progress, he was unceremoniously asked to leave the meeting as soon as an English broker came to the meeting. In the early years of his business, when G.D. approached Andrew Yule to sell off his incomplete jute mill, he was mocked at by a Scottish manager for having thought of putting up a mill. These experiences made G.D. to have felt the need of political power to advance his business interest. He began as a youth leader in the community and organized a club for wrestling.

In 1914, he was also involved in the Rodda gun conspiracy case but the Birla elders managed to get his name removed from the list of people that were to be arrested. G.D. worked his way through from being a local youth leader to become the emissary of Gandhiji to the British Government during the active years of independence struggle in India. While maintaining his good relations with Gandhi and other left wing leaders, the Birlas became the key solicitor of the right wing Hindu Swaraj party that was lead by Madan Mohan Malaviya, Lala Lajpat Rai and later by Vallabhai Patel.

Coming from a family that followed the religious rites and a family where his father took early retirement from business to lead a religious life, G.D. naturally had the religious values and piety. His involvement in the local politics began with monetary contributions for social causes and advancement of Hindu religion and the Marwari community that was in continuation to the family tradition. In 1904 and even in the later years, the Birlas made substantial donation to the Vishudananda Sarawati Vidyalaya which was the main educational institution for the community in Calcutta. In 1912, the Birla Brothers helped Jamnalal Bajaj to collect donations for a Marwari School in Bombay. In 1918, the family established the first high school in Pilani for which Baldeodas was honoured with the title of seth by Sawai Madho Singh, the Maharaja of Jaipur. Ghanashyamdas' active involvement and power in the Marwari Association was quickly spotted by the local British authorities. As Lord Ronalshay, Governor of Bengal wrote to Edwin Montagu, the Secretary of State for India:

> *The marwaris are great supporters of Gandhi and are consequently inclined to support his policy of non co-opereation. They are very orthodox and very emotional and easily carried away by a man like Gandhi who promises them the disappearance of Western civilization and a return to the golden days of Hindu supremacy in the land. They are very wealthy as you know and can help the non-cooperationists very considerably in the matter of finance. Among the older men there is a considerable body which view with disfavour the present day tendency of the younger members of the community throw in their lot with the political extremists and Ghanshyamdas Birla capable representive of this body*[3].

At the age of 27 years, Ghanshyamdas was in the legislative arena as a representative of Marwari commercial interests. Ghanashyamdas extended his interest in public activities by exercising his interest in the Press. In 1920, the Birla Brothers acquired two notable English language newspapers, viz., Empire and Commerce. Soon, in 1922, the Birlas acquired another prestigious English newspaper, Bengalee. While from the beginning of 1924, G.D. financially supported Madan Mohan Malviya to run the Hindustan Times that was begun with the support of Gaddar Party based in San Francisco, G.D. took over the finances of the Hindustan Times in 1927. Later the newspaper was managed by K.K. Birla, son of G.D. and subsequently passed over to his daughter, Shobhana Bharatiya., who later followed the footsteps of his father K.K. Birla to be a member of the Parliament.

His heart primarily in business and having to manage a number of businesses that the Birlas had developed by 1920, G.D. looked for lesser disturbance in the economy and market stability and he had moved from being an extremists from his youth days to be a constitutionalist in the later years. G.D. was not in favour of the Non Cooperation Movement started by Mahatma Gandhi in 1920. The editorial of New Empire that was under G.D.'s control went to the extent of denouncing Gandhi's scheme as unwise and impractical and predicted that non-cooperation would create discord and strife and was doomed to failure.

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[3] Kudaisya, Medha M.2003. The life and times of G.D. Birla. Oxford University Press. Page 59.

G.D.'s other newspaper, Bengalee pleaded that administrative reforms be given a chance and the dangerous heresy of Gandhism be fought tooth and nail. The European controlled loyalist Capital praised the Bengalee for its splendid fight against Gandhism, non cooperation, and civil disobedience and for remaining the sturdy spokesman of the moderate party.

As some of his revered leaders like Lala Lajpat Rai moved towards Gandhism, G.D. was disappointed. Within the Bengal Council, G.D. took a pro-reform stand and sought additional funds from the Secretary of State, U.K., to carry forward the reforms process. With changing political winds, G.D. however, did not join the other influential business leaders like Sir Dinshaw Wacha, Sir N.C. Chandavarkar, Purshotamdas Thakurdas and C.L. Setalvad in personally condemning the Non Cooperation Movement in public. As his own business commitment increased over time and the national leadership was somewhat divided between Gandhi's radicalism over British Administration and the conservative constitutionalists, G.D. did not join any side but resigned from the Bengal Council in January 1922.

In a few more years, from being a benefactor and financier of Lajpat Rai, G.D. soon became a political colleague in the cause of Hindu nationalism. In 1926, Lajpat Rai resigned from the Swaraj Party and formed the Independent Congress Party (ICP) that largely consisted of leaders like Malaviya, M.R. Jayakar, B.S. Munje, and N.C. Kelkar, the Hindu Wing of nationalism that had roots in the Hindu University movement and the Madhya Hindu Samaj of 1880s. G.D. contested from Benaras on ICP seat and won. Surprisingly the ICP made major inroads into the Central Legislative Assembly. Motilal Nehru complained to Jawaharlal Nehru that 'The Malaviya-Lala gang aided by Birla's money are making frantic efforts to capture the Congress. Indeed the Birlas contributed significantly to the ICP. G.D. created a political fund for ICP and the funding has been so high that in July 1928, after continuous withdrawals for six months by both Malaviya and Lajpat Rai, the balance in the account was INR 50,000.

With the increasing influence of Gandhi in the national level, G.D. was caught in the crossroads as to where he could align. G.D. however maintained some level of contact with Gandhi by way of contributing INR 100,000 to the Tilak Swaraj Fund in 1921. G.D. had a tough time when Gandhi asked him to donate INR 50,000 to the Aligarh Muslim University. He could convince Malviya on the issue but did not dare to share the same within his Birla family. He donated this money with the condition that his family members should not come of this donation. With extreme communal position of Malaviya and Lajpat Rai, G.D. distanced himself from the ICP and after the death of Lajpat Rai's death, G.D. cut off communication with Malviya. The Birla family however, continued their strong support to the Hindu wing of nationalism. Jugalkishore and Baldeodas continued to support Malviya's religious, educational and social activities relating to BHU and the Hindu Mahasabha. G.D. slowly nurtured his rapport with Gandhi and began to advice the Gandhian wing of the congress on economic matter.

During 1926-1936, G.D. consolidated his role as an influential spokesman of Indian business. He also began to play the role of emissary between Gandhi and the British in the late 1930s. In 1927 he was instrumental in forming the Federation of Indian Chambers of Commerce and Industry (FICCI) that represented the business interest as against the European business interest with the British Government and after independence, have remained to be powerful lobby of Indian business interest with the Indian Government. Through FICCI, G.D. and the other big business houses have spoke forcefully for free enterprise and capitalism against the socialist approach of development in India.

During 1930s and 1940s at the thick of national movement, G.D. served as the medium of communication when the relation between the Gandhi and the British Government was under strain. However, in 1944, the conflicts of interest of the big business and national cause of Gandhi-Nehru was most visible. Towards the end of the WW-II, as the independence of India seemed feasible, the big business houses took the initiative to draw an industrial plan for India, viz., The Bombay Plan, also popularly known as the Tata-Birla Plan. While this plan was applauded for its meticulous work, it had focussed largely on industrial investment and expansion through the private business and investment in agriculture was only 10% although the majority of the population was engaged in it.

Subsequently, in 1945 at a time most Indian national leaders were locked up in the jails, with the invitation of the Indian business leaders from the British Government to visit Britain and USA to meet the European and American business leaders and see the possibilities of forging future business ties, the Indian business leaders agree and prepared to leave for the West. On the eve of their departure, viz., May 7, 1945 Mahatma Gandhi sent a public notice to these industrialists that appeared in 'The Bombay Chronicle' that said[4]:

> *"All the big interests proclaim with one voice that India wants nothing less than her own elected National Government to shape her own destiny free of all control, British or other. This independence will not come for the asking. It will come only when the interests, big or small, are prepared to forgo the crumbs that fall to them from partnership with the British in the loot which British rule takes from India. Verbal protests will count for nothing so long as the partnership continues unchecked."*

> *"The so-called unofficial deputation which will go to England and America dare not proceed, whether for inspection or for entering into a shameful deal, so long as the moving spirits of the Congress Working Committee are being detained without any trial for the sole crime of sincerely striving for India's independence without shedding a drop of blood save their own."*

The mission however left within a week of the surrender of Germany and after a brief exchange of letters between G.D. Birla, J.R.D. Tata and Mahatma Gandhi. The final group for the visit included G.D. Birla, J.R.D. Tata and five others. Given his closer association with Gandhi and his financial contributions to the national movement, Birla probably was more shocked with the public outcry of Gandhi on the intensions of the top Indian businessmen. At the thick of the freedom struggle, Birla House served as the hub of the key congressmen and Birla had constructed an independent room for Gandhi to stay on his visits to Delhi. After independence, on August 30, 1948, Gandhi was assassinated in the Birla House. So deep was Birla's association with the Gandhiji and the top national leaders.
When Gandhiji was assassinated in Birla House, G.D. was not in Delhi and the next morning he flew to Delhi by his private aircraft. When G.D. reached his house in Delhi, Kudaisya[5] reports:

> *Gandhi's body was mounted on a gun carriage and around it sat prominent leaders- Nehru, Patel, Baldev Singh, Kripalini, Rajendra Prasad and Devdas Gandhi. Sadly, there was no place on the cortage for Birla. He walked behind the carriage for a while but was pushed aside by the milling crowd. He returned to his empty house to hear a live commentary on the event being telecast by the All India Radio.*

After India's independence on August 15, 1947 and with the institution of Jawaharlal Nehru as the Prime Minister, G.D. did not fare well with him as Nehru took up a socialistic development approach with the state playing the major role of industrial development. G.D.

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[4] Lala, R.M. (1992), Beyond the Blue Mountain, A Life of JRD Tata, Viking, Penguin Books (India) Ltd.
[5] Kudaisya, Medha M.2003. The life and times of G.D. Birla. Oxford University Press. Page 268.

Birla, JRD Tata and other top business leaders wanted the private business to take the lead in the industrial development of the country as had been charted out in the Tata-Birla Plan (Bombay Plan). The big business therefore rallied strongly with leaders like Sardar Patel, Rajendra Prasad, and Rajagopalachari, typically the right wing[6] members of the Congress Party, to advance the interest of the business houses.

While the course of industrial development could not be changed until around 1978 till the Janata Party came to power, Birla had enough of influence on the various ministers and the bureaucracy of the Government to get through his way for industrial license and other benefits of the Government. T.T. Krishnamachari, the finance minister under Nehru and for a while under Shastri had been very close to the Birlas and the Tatas. To feed its pulp plant, Grasim in 1965 had been able to procure 30,000 acres of forest land even in Kerala that is dominated by communist party leaders. It is therefore not surprising that the Birlas grew and expanded their business much faster than other leading business houses in India during the restrictive period, 1950s- 1970. (1963-64 to 1967-68). As has been shown earlier the Birlas had increased their assets by 96.6% during 1963-64 to 1967-68 with largest share of public finance. By 1970, when the Managing Agency system was abolished, the Birlas had over 200 companies under their two Managing Agencies.

G.D. had also been a prominent protagonist of the US Aid to India since 1950s in lieu for economic reforms in India. He could urge Indira Gandhi and her advisers that the American Government and the World Bank would provide aid to India and that she could count on them on four issues, viz., food and fertilizer production, family planning, improved relations with Pakistan, and economic liberalization. To the American, he assured of economic reforms in India, an ambition that he had nurtured prior to India's independence and devaluation of Indian Rupee would be the first move. He visited the USA in March 1966 ahead of the visit of the Indian PM and set up the meeting the meeting of the PM with the US President through his several contacts in the World Bank and through his deep contact with bureaucrats an the PMO's office and the advisors of the PM. He set up the media to write well on the success of Indira Gandhi's meeting the US president and he too wrote congratulated Indira Gandhi on her successful trip to the USA.

[6] Within the right wing of the Congress, Madan Mohan Malviya and Lala Lajpat Rai were the Hindu Wing of the Congress. However, Lajpat Rai moved much closer to Gandhi as he too adopted the Gandhi cap.

On the subsequent follow up on the PM's visit to USA, Ashok Mehta, an important member of the Indira Gandhi's cabinet went to the USA to find what the international donors were offering in return for devaluation and decontrol. Ashok Mehta discussed the matter with George Woods, President World Bank. Woods pledged to raise the aid level and Mehta committed the Indian Government to replace import control with tariffs, simplify procedures in industrial licensing, and to make no new commitment in the public sector unless the expected rate of return was equal to that of the private sector and to devalue the rupee. The decisions were in line with what G.D. had been aiming at since 1950s and had almost reached the goal during Sashtri as the PM but could not achieve it because of Sashtri's sudden death before his visit to the USA. G.D. wrote the following note to Ashok Mehta on his successful meeting with George Woods:

> *My congratulations on your success in Washington and double congratulations on your hitting hard the communists and the fellow travellers!! They and their press have been all this time creating a feeling in the country that you have returned empty-handed and that USA except expressing lip sympathy are not going to help. Now that they discover that the aid is coming in a most generous fashion they are greatly disappointed. They would have been pleased had no aid come and consequently production were down, unemployment increased, no food came and there was starvation. Then only they would have been happy because of dissatisfaction all round. They want chaos in the country. I am surprised why the Congressmen are talking all this lying down. If only they too hit hard as you did, the communists and fellow travellers will be completely silenced. I hope this shall be done.*

After Ashok Mehta met George Woods and based on the advice of her bureaucrats and advisors, Indira Gandhi agreed to devalue rupee by 35% on June 5, 1966[7]. This news was received with great shock by the majority of the population. Indira Gandhi was unequivocally condemned over devaluation within the country and the aid givers. Much to Indira's dismay, the non-project aid never materialized and even the food aid was handed out insultingly. Under these developments, Indira Gandhi could no longer trust her former advisors. Both Chandrasekhar Subramanium and Ashok Mehta were soon eased out of their offices. Her relation with G.D. Birla was strained as he had been the most prominent protagonist of the 'aid to India' lobby.

[7] Kudaisya, Medha M.2003. The life and times of G.D. Birla. Oxford University Press. Chapter 15-16.

Subsequently, the Birlas came under the scanner of the Government and were also charged for various malpractices. In 1967, addressing the Prime Minister, Chadrashekhar, member of Rajya Sabha made wide ranging charges against the Birlas:

> *The charges against the Birlas range from the issue of duplicate shares to the employment of fictitious persons. They have been systematically cheating the public and defrauding the revenue authorities in various ways over a long period of time… the have amassed wealth at the cost of the suffering, the anguish, the starvation and degradation of the people…Industrial empires founded on systematic tax evasions and public cheating have no right, much less justification to exist.*

Further, Chandrasekhar alleged that Birla companies made import-duty claims which were realized far in excess of the actuals. Loans were taken even when companies did not require them and prices were increased arbitrarily in products were ever the Birlas enjoyed monopoly. Company stock prices were deliberately undervalued and they used different methods to fritter away profits to reduce tax liability. Companies such as Hyderabad Asbestos Cement Products Ltd had expanded capacity without industrial licenses being granted.

However, over the years since 1912, G.D. Birla developed to be a keen student of political strategy and could effectively manoeuvre economic policies and regulations in the country. In 1966, when his rapport with Indira Gandhi and the Congress Party was at its nadir, he was invited by his fellow businessmen to support the Swatantra Party that best supported the interest of the businessmen. While he agreed with the election manifesto of Swantantra Party, he was aware of the significance of centrist mindset in the Indian politics and the Swantantra Party that was largely represented by the princes and business interest, could not make any dent in the Indian political scene. At a meeting of the Indian Chamber of Commerce, G.D. told his fellow businessmen:

> *You can break the Congress- but it is not going to help. You will be replacing this government by a communist government and they will be the first to cut your throat. Do not make that mistake….It is a question of self-interest.*

After 1970, with the dismantling of Managing Agencies, introduction of Monopolies and Restrictive Trade Practices Act, 1973, charges of corruption, his stained relationship and trust with Indira Gandhi and the bureaucrats in general and probably his growing age, G.D. Birla withdrew slowly from the thick of public life and probably spent time more time grooming the younger family members to take full charge of their respective businesses. His sons and grandson had already been well trained into the industry, business and FICCI to carry forward his mantle of firm growth and free private enterprise.

His son Krishna Kumar Birla had joined active politics by being a Member of Parliament and headed the Hindustan Times to keep alive the argument for free enterprise and remove state control of industry in India. Laxmi Niwas had taken over as the President of FICCI that always argued for free hand to the big business in India. Aditya Vikram Birla, his favourite grandson and an MIT graduate, who most matched his grandfather, G.D. Birla on exercising and managing explosive growth was more vocal in speaking for free enterprise and deregulation of government control. Interestingly, however, Aditya praised the Government of Indonesia for tax and import duty regulation that protected his investment and ensured profit for his investment in Indo-Thai Synthetic Company and his other businesses in Thailand[8]

Managerial Processes & Methods for Growth

Business Diversification:

The Birlas especially with the power and influence of G.D. Birla amassed enormous resource base for further growth of the Birla enterprises. The Birla family as a whole had a wide political and industry network from the early days of Seth Baldeodas. The Birlas had also been the most diversified business in India. By 1970, they managed over 200 companies under their two managing agencies.

When most Indian businesses could not grow much, the Birlas made their fortune even under Nehru’s socialistic development period. At the time of Independence, Birlas strength had been jute, textiles, banking, and publishing. Around the 1947, the Birlas diversified into a number of areas such as insurance, textile machinery, automobiles, bicycles, and plastics. Within about ten years of independence, the Birlas had further expanded into engineering, tea, chemicals, cement, non-ferrous metals, glass, aluminium, shipping and aviation.

[8] Merchant, Minhaz. 1997. Aditya Vikram Birla, A Biograhpy, Viking, Penguin India, New Delhi, Page 148.

The capacities of existing units of textiles, jute and chemicals were increased and they also diversified into new businesses. For instance, Kesoram diversified into rayon and steel tubes. Birla Jute expanded into cement and chemicals. Jiyajeerao Cotton Mill diversified into chemicals. The Birlas acquired large tracts of land across the country during these years for expansion and setting up new businesses. G.D. Birla obtained 15,000 acres of agricultural land in Mysore where Century established a rayon pulp plant.

New technological collaborations were undertaken to modernize the existing units. For instance, Hindustan Motors tied up with Lord Nuffield to manufacture the legendary Morris Minor. The Birlas also sought financial collaboration in their expansion process. The Maharaja of Gwalior was roped in to invest in the staple fibre manufacturing unit in Nagda (M.P.) that became a division of Gwalior Rayon Silk Manufacturing (Weaving) Co. Limited.

The Birlas also entered waterways and airways. Krishna Kumar took charge of the India Steamship Company. Basant Kumar took charge of Bharat Airways. The Birlas also tried to have controlling stakes in their venture in Iron and Steel like the Tatas who were in that business for long. Birlas, however successfully entered the aluminium business. With technical and financial collaboration (26%) with Kaiser Corporation of USA, the Birlas invested 25% in Hindustan Aluminium Corporation Ltd (Hindalco). Hindalco was set up within 18 months in Madhya Pradesh in 1958. Meanwhile, the Rihand dam was being proposed in Uttar Pradesh to supply electricity to the state tubewell and river pumping system. The Birlas managed to get electricity from the Rihand Dam project at a unit cost of 1.99 paisa for the next 25 years, with a provision for upward revision by 10 % after 16 years.

Diversification also served the purpose of saving tax and retaining profits within the company. The rules of depreciation of assets were such it favoured diversification. In one of the moments that Gita Piramal witnessed of Aditya Birla's talk with his executive[9] Aditya had been pacing up and down, telephone glued to ear, shouting down it:

"*I want a project. We've got to have a project, otherwise we will be paying out too much in taxes*."

[9] Piramal, Gita. 1996. Business Maharajas, Viking, Penguin Books India, New Delhi. Page 152

In-house Training and Internship for Diversification:

By 1964, not only the sons of the Birla Brothers viz., Rameshswardas, G.D., and Brajmohan (Jugalkishore, the eldest brother had no children) had taken control of the sprawling businesses of the family, but their grandsons were actively involved in the businesses. Although, as it has been in the Birla family, the children were given free hand to run their businesses independently, G.D. closely monitored the progress of each business and for all important decisions, the senior Birlas, especially G.D. were consulted. Nevertheless the in-house training of children within the family has been such that it facilitated very fast diversification.

Shivnarian quickly inducted his son Baldeodas when he was just 12 years old and they together floated the fist gaddi (company) 'Shivnarain Baldeodas' in Bombay in 1879. Very soon Baldeodas was supported to spin off a new gaddi (company) – 'Baldeodas gaddi' in Calcutta. Baldeodas was also joined in by his eldest son Jugalkishore and the Calcutta gaddi was then known as 'Baldeodas Jugalkishore'. Similarly, all the other three children of Baldeodas were given separate businesses to manage them independently. See Table 5.11 for the family businesses and year of their incorporation. The induction of Aditya Birla is a case in point.

Upon his return to India after completing his graduate studies in USA, Aditya Birla was first put through intensive training in accounts. It was similar to the way G.D. Birla had got such training from his father, elder brother and tutors. B.K. Birla had also picked up the finer skills of accounts[10] from his father and his uncles. Then Aditya's father B.K. Birla put Hindustan Gas under the Aditya's direct control. Aditya had to manage this manage on his own though his father's hawk eyes was always on the business. Aditya's grandfather, G.D. Birla closely followed how his favourite grandson graduated into business.

While studying in USA, Aditya had helped father B.K. Birla to start a negotiation for collaboration with Du Pont for setting up a cotton textile mill. The collaboration did not take off as Aditya did not like Du Pont's insistence on higher control on the new unit. B.K. Birla had however, gone ahead to get the license and the required clearances from the Government

[10] The Birlas have developed the time honored accounting system of parta that accounted for daily inputs costs and daily earnings.

of India for the proposed cotton textile mill to be started as a green field project. After Aditya was sometime into the training in accounts and his independent management of Hindustan Gas, B.K. Birla gave the license and clearances of the new cotton textile unit to Aditya as a graduation gift. Aditya named this unit as 'Eastern Spinning Mills and Industries Limited.' Upon giving the licence of the proposed new cotton textile mill, B.K. Birla however, told Aditya the following[11]:

> *This permission is just a piece of paper. If you are interested, take it up. If not, tear it up. The entire responsibility, from start to finish, will be yours. I will not give you unwanted advice, nor will I interfere in any way with your decisions. Of course, if you ever need my opinion, you are most welcome to it. Whom you employ, the machinery you order, the type of buildings you construct – these are all your responsibilities. If you slip up anywhere, you will have to correct it yourself. Do your own thing, Aditya; if you fail, try again, profiting from your failures and learning the right lessons. If in this process, ten or fifteen lakh of rupees are lost, it does not matter – your training will be thorough, you will gain self confidence, the foundation of the future will be strong.*

Not only did Aditya take up the challenge but soon wanted to expand his businesses. Aditya's grandfather, G.D. Birla was always around to fix any major difficulties that seemed either for B.K. Birla or Aditya. For instance, in October 1966, when the owners, the Vaidyas approached B.K. Birla on a proposal to sell of their Indian Rayon company, B.K. Birla could not have the means to generate a huge sum of INR 30 lakhs within a week to be able to acquire it. He was not sure if his father G.D. Birla would consider his proposal. However, when Aditya proposed this acquisition to G.D. Birla, the well connected grandfather only demurred on how he could get this huge amount and told Aditya that he should have given him at least a week's time. Nevertheless, the grandfather sought to action and arranged the money very quickly and Indian Rayon was acquired by Aditya Birla. Within 25 years of his engagement, Aditya Birla is known to have set up several companies in India and abroad and built over 70 new manufacturing units across India and South East Asia.

Project Execution Capabilities:

The power to execute projects in different locations and be able to diversify into different businesses requires first of all the goodwill of the Government, local people, and the business community. Second, the power to generate capital and to organize materials for the project is

[11] Merchant, Minhaz. 1997. Aditya Vikram Birla, A Biograhpy, Viking, Penguin India, New Delhi, Page 116.

important. It also requires a pool of talented managers to effectively implement the project and run the business subsequently.

Goodwill through Public Service and Trusts:

As a mark of success of migrant people, Shivnarain and Baldeodas contributed to their community in terms of opening well, consecrating temples, and feeding the poor during the famines. The deep Hindu religious piety within the Birla family was a significant factor for the family to feed the Brahmans and contribute handsomely to the various Hindu causes over the years. The Birlas also contributed to education of children of the community, higher education, healthcare, etc through the various Trusts and Foundations that they set up. See Table 5.12 for the Trusts and Foundations of the Birlas. The position and status of the Birlas within the marwari community grew higher with their contribution to the local community. The local British Administration favoured the Birlas because of their position within the business community.

All through the pre-independence period, the Birlas contributed significantly towards the various expenses of the national leaders and funded in various ways to the political movement. To begin with the activities of Madan Mohan Malviya and Lala Lajpat Rai were funded by the Birlas. Subsequently, the Birlas donated funds to Sardar Patel for the various activities of the Congress. The family hosted the boarding and lodging of many national leaders including Mahatma Gandhi. G.D. Birla was seen as the emissary of Gandhiji and the British. The earlier section on G.D. Birlas shows the deep level of political network that he enjoyed in India. The Birlas also took up leadership of the big businesses in India. G.D. Birla started the FICCI that formed the voice of Indian businesses. The subsequent generations of G.D. Birla also maintained a strong network with the Governments. K.K. Birla became the Member of Parliament; Aditya Birla had close access to the various ministers and the bureaucrats in the Government and served in various boards and committees of the Government. Kumarmangalam Birla and his key executives also are members of various committees of the Government. See Chart 5.2 for the network of Aditya Birla, Kumar Mangalam Birla and his executive holding various positions of the Government and the regulatory bodies.

License & Incentives:

Under a regulatory regime, obtaining license and the necessary clearances to set a factory become important steps towards growth of business. The political network of the Birlas among the national leaders and the bureaucracy in India was so strong that they could easily obtain licenses and clearances from the Government. The Birlas successfully managed to control over 200 companies by 1970s and Aditya Birla alone could put about 70 manufacturing units over a period of 25 years. The home country restrictions on the businesses in 1970s and 1980s led the Birlas to enter South East Asia and Africa. Birlas under Aditya Birlas put up several plants in Thailand, Indonesia, Malaysia and Phillippines.

Only around 1990s, as other business houses grew, the Birlas faced some competition from the other business houses. In 1989, after the Government approved MRPL for a naptha based cracker, a joint venture of the Birlas in MRPL and HPCL, the Government set up a high level committee to review the project. The Committee recommended the use of gas based cracker, the strong hold of Reliance Industries and the Birlas had to go through a rough weather. Although, the Birlas got through the joint venture, it subsequently sold away its equity stakes in MRPL to ONGC and quit the oil refining business.

The Birlas like other businesses also seek various incentives of the Government to set up their business ventures. Interesting all the industry policies in the post 1991 period have various forms of incentives on tax, cheap land and resources, acquisition of public assets and resources with minority shareholding through the scheme of PSU disinvestment, etc. The Birlas not only enjoyed such benefits in India but also got several such incentives in other countries. In Thailand, for instance, the Birlas got eight years of tax holidays, an eight year holiday for business tax (sales tax), eight year holiday for all remittances of royalties and technical know-how fees which normally attract a 20% tax. The Thai government was not to promote any industry for carbon black in the next five years in which the Birlas were to invest and an assurance that import duties on carbon black would be enhanced from 10% to 30% before the Birlas start the production of carbon black[12].

[12] Merchant, Minhaz. 1997. ditya Vikram Birla, A Biograhpy, Viking, Penguin India, New Delhi, Page 148

Men, Money, & Material:

Through their early lead in the Indian industry, the Birlas have been endowed with highly loyal and efficient professionals. While most of their professionals are not talked about in the media, they have effectively managed the various business units, numbering over 200 companies of the family. The professionals of the group helped Aditya Birla to build the entire range of businesses in South East Asia. When Aditya passed away at the peak of his expansion spree, the loyal professionals of different companies rallied around Kumar Managalam Birla to get the group going.

For instance, when young Aditya ventured to invest in Thailand, B.K. Birla, father of Aditya Birla sent Mahansaria, then vice-president of Hindustan Gas to Bangkok and to prepare the grounds for Aditya's investment in Indo-Thai Synthetics in 1969. Very soon, B.K. ensured that Aditya has a key long term aide in India. In August 1969, B.K. sought one of his own key professional, Bagrodia to work with Aditya. Bagrodia, chemical engineer from Jadhavpur University, joined the Adiyta Birla group in September 1969 and immediately given the responsibility for putting up the new project of caustic soda plant with an investment of about INR 10 crores. Bagrodia spearheaded and oversaw Aditya's business expansion in India and overseas.

Today, the group has a high powered advisory body that, Aditya Birla Management Corp (ABMC) consisting of senior group executives. The directors of this advisory body are responsible for specific sectors in which the group has business interests. The group has also created another equally high powered review body. The review council will consist of senior group executives; some of whom on retirement from the group companies will be part of this council. Mr. D.D. Rathi, CFO, Grasim and Mr. Bharat K. Singh, head of A B Nuvo on retirement were slated to join the council. The function of this council will be to review the businesses of the group.

Capital for new projects and expansion was also not a major problem for the Birlas. The Birlas had much better access to capital and resources by virtue of G.D. Birla's influence on the Indian polity and financial institutions in India and abroad. To handle the financial needs of the group, G.D. Birla had incorporated the United Commercial Bank in 1943. Till 1970, when the private banks in India were nationalized, UCO Bank directly served most of the banking requirements of the group. By 1970, UCO Bank had presence in London, Singapore and Hongkong. The Birlas were also the largest beneficiaries of the financial support of the Government to the private sector. G.D. Birla was like a machine that could generate capital for the numerous investments, capacity expansion and green field investments.

Being aware of the deficiencies in the industrial infrastructure, the Birlas set up many units relating to equipment and machinery. For instance, Texmaco Limited provided the majority of the equipment and tools for setting up textile mills. Their ability to produce good quality equipment and machinery also helped them to expand to Africa as early as in 1967. Aditya Birla procured the machinery and equipments for his Indo-Thai Synthetic units in Thailand from Texmaco in India. Having the capacity to manufacture good quality equipment and machinery provided a significant edge to the Birlas to put up several group companies in short time. As noted earlier, Aditya Birla set up over 70 manufacturing units during his 25 years of business engagement.

Leveraging the Industrial Policy changes since 1991

With the assassination of Indira Gandhi, Rajiv Gandhi took over as the Prime Minister and the winds of policy changes moved towards a free and liberal economy and the process accelerated after 1991. The Birlas swung to action and they diversified into newer sunrise industries like petrochemicals, telecom, retail, insurance and financial services. The Birlas adopted the route of merger and acquisitions to spin control over different sectors and the capital required to buy the new firms and build new businesses were raised from the open market through various financial instruments like the IPOs, rights issues, debentures, preferential shares, GDR, and Euro issues.

The efforts of G.D. Birla, J.R.D Tata and the other large industrial houses for free enterprise and capitalism bore fruits fully with the onset of liberalization and privatization policies under the Industrial Licensing Policies, 1991 of the Government of India under Prime Minister, Narashiman Rao and Manmohan Singh as the Finance Minister. In 1944, even before India gained independence, G.D. Birla and JRD Tata had worked out an industrial plan, the Tata-Birla Plan (Bombay Plan), which seemed to be the blueprint of liberalization and privatization of the post 1991 period.

Acquisitions & Mergers:

Soon after Rajiv Gandhi took over as the Prime Minister, Aditya Birla Group in 987 signed a tripartite agreement with the central Government and state owned oil company, Hindustan Petroleum Corporation to set up the Mangalore Refinery and Petrochemicals Limited (MRPL). Aditya Birla passed through the storm after signing the agreement as the Government set up a committee to review the technology, viz., naptha based cracker as proposed by Birla to gas based cracker as adopted by Reliance Industries. The Birlas acquired as much as 37.39 % equity stake (18.92% by Grasim, 12.04% by Hindalco, and 5.16% by Indian Rayon, and 1.27% by Indo-Gulf Corporation) of MRPL. In 2002, the Birlas however divested it shares of MRPL to ONGC.

In the same year, **Grasim** however increased its stakes in Larsen & Tuobro (L&T) to 15.3%. The fight between L&T and the Birlas took off as it had earlier happened when Reliance Industries had tried to stealthily acquired 10% equity of L&T. In 2003, the Board of L&T decided to de-merge its cement business into a separate cement company, UltraTech, where Grasim acquired a majority stake from L&T and the tussle between Grasim and L&T was resolved[13]. See Table 5.13 for major acquisitions and mergers.

Hindalco acquired controlling stakes in Indal by increasing its equity to 74.6% in 2000. It also bought up share in Utkal Alumina to become its major shareholder in 2003. Subsequently, in 2007, Hindalco acquired 45% share of Utkal Alumina from Alcan and became the sole owner of Utkal Alumina. Hindalco also acquired Novelis in 2007, making it the world's largest aluminium rolling company and one of the biggest producers of primary aluminium in Asia. See Table 5.14 for major acquisitions and mergers.

Aditya Birla (AB) Nuvo, the holding company of several companies of the group has diversified by acquiring new businesses and entering afresh into new businesses. Its Indian Rayon acquired Madura Garments in 2000 and then acquired PSI Data System in 2001. AB Nuvo entered into new sunrise industries like telecommunication, insurance and business process outsourcing. It entered into the mobile communication business, Idea Cellular in

[13] http://www.livemint.com/2008/05/01235718/LampT-Grasim-spar-over-unso.html <accessed June 6, 2009>

1996; in which it raised its stakes from 20.7% to 35.7% in 2006. For major acquisitions and mergers of the AB Nuvo refer Table 5.15.

Acquisitions of the state run enterprise by the private companies through the PSU Divestment Policy has been a common method of most big businesses in India. These acquisitions provide synergy and increase the monopoly power of the companies. The purchase of Paradeep Phosphate worth about INR 670 crores by the Zauri Maroc Phosphate Private Limited of the K.K. Birla for a net INR 15 lakh has been much criticised.[14] AV Birla Group has also been critiqued for the various method adopted to acquire controlling stakes in National Aluminium Company Ltd. (estimated to worth INR 30,000 crores) and Balco, another aluminium company. Vedanta outsmarted Hindalco in the bid to buy Balco[15]. In its efforts to consolidate its hold over its telecom business of Idea Cellular, AV Birla Group has had corporate battle with the Tatas and the unfair methods that both these companies adopted in their respective telecom business has been on the public domain.[16] AV Birla Group methods for purchase of the shares of L&T and its subsequent control in the publicly held blue chip company have been another case in point on the issue of corporate governance.[17]

Capital Generation & Corporate Restructuring:

The Birlas always had the advantage of access to huge capital from the times of G.D. Birla, who had a penchant for organizing funds of various causes of the Swaraj Party, Congress Party and Independent Congress Party. It maintained its ability to raise capital and expand its business even during the period when capital is short circulation. As the Indian economy

[14] http://www.rediff.com/money/2003/jan/27paran.htm <accessed June 6, 2009>
[15] http://www.rediff.com/money/2002/jul/27spec.htm <accessed June 6, 2009>
http://www.thehindubusinessline.com/iw/2002/08/11/stories/2002081100801300.htm <accessed June 6, 2009>
http://www.hindu.com/fline/fl1806/18060280.htm <accessed June 6, 2009>
[16] http://www.thehindubusinessline.com/ew/2006/03/20/stories/2006032000010100.htm <accessed June 6, 2009>

[17] http://www.suchetadalal.com/?id=64a7c5de-b8f8-75cb-492e7e0471c8&base=sub_sections_content&f&t=Corporate+governance+thrown+to+the+winds+again+(21+October+2002) <accessed June 6, 2009>

opened up, it not loose the opportunity to raise capital through the various financial instruments such as IPOs, rights issue, GDR, Euro issues, preference share and debentures.

Hindalco undertook a major restructuring of its businesses by selling stakes in Indo Gulf Fertilizer and then acquired controlling stakes in Indal. Hindalco also acquired controlling stakes in Utkal Alumina and then bought it out fully by acquiring 45% of equity from Alcan. Subsequently, Hindalco raised INR 2226.6 crores in 2006 (from it originally planned over INR 5000 crores, Rights issue) by offering the Rights Issue, the largest rights issue by far. This capital raised was largely to acquire Novelis. See Table 5.16 for the major modes of raising capital and corporate restructuring. See Table 5.17 for the companies that are held by Hindalco.

In the post liberalization period, **Grasim** in 1992 raised USD 90 million through its GDR issue. Soon after in 1994, it further raised USD 100 million. In 2001, it acquired 10% stake in L&T and subsequently increased it to 15.3%. Later in 2004, it adjusted its stakes in L&T by acquiring controlling stakes in UltraTech, the cement business of L&T. See Table 5.18 for the major modes of capital raised and corporate restructuring. See Table 5.19 for the companies that are held by Grasim.

AB Nuvo has been largely a holding company of many of the businesses of AV Birla Group. Formerly known as Indian Rayon, AB Nuvo was formed by a three-way merger of Indian Rayon, Indo Gulf Fertilizers and Birla Global Finance. Its investments spans across a number of new businesses viz., financial services, telecommunication, insurance, garments, etc. Nuvo's subsidiary, Idea Cellular, the telecom company is the largest group companies. In terms of market capitalization on 19 May, 2009, Idea Cellular stood at INR 18,000 crores as compared to Nuvo at INR 4867 crores, Hindalco at INR 12,350 crores and Grasim at INR 16,234 crores. AB Nuvo plans to float a holding company that will control all the financial and banking business of Nuvo[18]. The trends in reorganization appear to move towards the Managing Agency of the Birlas prior to 1970. Prior to 1970, the Birlas managed their over 200 companies through two of their managing agencies.

[18] The Economic Times, Kolkata, Wednesday, 13 May 2009, Page 11

AB Nuvo has been involved in raising capital of the other two companies, viz., Hindalco and Grasim. In 2007, it raised INR 777 crores through the Rights issue. Further in 2008, the company has also raised INR 500 crores through non-convertible bonds. In the same year, the promoters infused INR 341 crores and INR 377 crores through warrants. The reorganization of Hindalco, Grasim and AB Nuvo along with the renaming of several companies is an indication of strong restructuring of the companies within the group. These rearrangements provide good control to direct growth and expansion by the owners of the group. See Table 5.20 for restructuring and modes of capital raised in AB Nuvo. See Table 5.21 for the companies that are held by AB Nuvo.

All three holding companies, viz., Hindalco, Grasim and AB Nuvo have raised their equity base over the years. The equity base in terms of authorised capital of Hindalco has increased from INR 10 crores in 1960 to INR 145 crores in 2008. There has been significant increase in the last 20 years with the highest increase during 1995-96. The equity base in terms of authorised capital of Grasim has increased from INR 65 crores in 1990 to 95 crores in 2008. The authorised capital of AB Nuvo has grown from INR 4 crores in 1963 to INR 120 crores in 2008 with the maximum rise in the last about 20 years. The number of share holders that have helped raised this capital have also accordingly. See Table 5.22-5.24 for the equity base of the three group companies. The shareholding structure of all the three holding companies have also been strategically restructured to give greater control to the AV Birla management. See Table 5.25 for the shareholding structure of Hindalco, Grasim and AV Nuvo.

By the seventies, the Birla conglomerate had diversified into some many businesses under the managing agency system that it has observed that even the Income Tax department could not fully account for all the income of the Birla Group. As long as G.D. Birla survived, the group companies were managed by the Birla Brothers without much dissent. After G.D. Birla died the family feud began among the surviving Birla Brothers, their nephews and other family members on issues of ownership and control. The family including Laxmi Niwas Birla, Krishna Kumar Birla, Basant Kumar Birla, Madhav Prasad Birla, Ganga Prasad Birla, Aditya Vikram Birla, Sudarshan Kumar Birla, Ashok Vardhan, Chandrakant, and Sidhhartha Kumar on August 15, 1986 to sort out this issue. The final decision for division or restructuring of the companies/assets of the group was based on four principles[19]:

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[19] Merchant, Minhaz. 1997. ditya Vikram Birla, A Biograhpy, Viking, Penguin India, New Delhi, Page 183

(i) Those companies that were established by a particular family member should go to him, (ii) A company should preferably go the family member currently in charge, (iii) The wishes of the three brothers, G.D. Birla, B.M. Birla and R.D. Birla should be implemented as far as possible, (iv) Where shares of companies were held by all the family groups, the respective share prices would be decided and each group would purchase the shares of the companies assigned to it as the agreed are.

The issue of Pilani Investment also arose Priyambada Birla, widow of M.P. Birla passed away when Mr. Lodha, a company executive and also the Co-Chairman of Pilani Investment claimed to have the ownership of Pilani Investment according to the will of Priyambada Birla. While M.P. Birla's 25% share worth about INR 200 crores was claimed by Lodha, the Birlas together had additional 62% share (G.P. Birla-25%, B.K. Birla-24%, S.K. Birla-8% and K.K. Birla-5%) in the company. The balance 13% share was owned by others outside the family. The matter still remains unresolved as the case is in the court and the issue of valuation of the assets has not been completed. Chandra Kant Birla, son of G.P. Birla amd Kumar Mangalam, grandson of Basant Kumar Birla have been slated to be the heirs of the stakes of their father and grandfather respectively. Hence, Chandra Kant and Kumar Mangalam have to find time from their main business engagements to sort out the issues of Pilani Investment.[20]

[20] http://www.thehindubusinessline.com/2004/07/16/stories/2004071603100100.htm<accessed June 6, 2009>

http://www.business-standard.com/india/news/valuation-blocks-solution-to-pilani-crossholdings/203655/ <Accessed June 6, 2009>

Table 5.1

Major companies of the Birla Group

Company	Products / services
Grasim	viscose staple fibre, rayon grade pulp, cement, chemicals, sponge iron, textiles
UltraTech Cement Ltd*	portland cement, portland blast furnace slag cement, portland pozzolana cement and grey portland cement
Hindalco	aluminium, copper
Indian Aluminium Company Ltd*	aluminium foil
Bihar Caustic and Chemicals Ltd*	caustic soda
Aditya Birla Nuvo	garments, viscose filament yarn, carbon black, textiles, insulators
Idea Cellular Ltd.**	cellular telecommunications
Birla Sun Life Insurance Co.Ltd**	life insurance
Birla Sun Life Asset Management Company Ltd.**	mutual funds
Birla Sun Life Distribution Company Ltd.**	mutual fund distribution
Aditya Birla Capital Advisors Private Limited *	private equity advisory and investment management for Indian and offshore investors
Apollo Sindhoori Capital Investments Ltd.*	leading player in broking space
PSI Data Systems*	application development, maintenance and enhancement solutions
Aditya Birla Minacs Worldwide Limited*	customer relations management (CRM), integrated marketing services, knowledge process outsourcing
Birla Global Finance Ltd*	Asset management, corporate finance, investment banking, capital market & treasury
Birla Insurance Advisory & Broking Services Ltd	non-life insurance advisory and broking services
Madura Garments Life Style Retail Co. Ltd*	apparel retail
Peter England Fashions and Retail Ltd*	apparel retail
Madura Garments Exports Limited*	apparel exports
Aditya Birla Retail Limited	multi-format stores
Tanfac Industries Ltd.**	fluorine chemicals
Essel Mining & Industries Ltd	Iron, manganese mining, noble ferro alloys

* subsidiaries

** joint ventures

Source: www.adityabirla.com (accessed on May 21, 2009)

Table 5.2
Key Financial Indicators, Hindalco Ltd. (figures in INR crores)

Year	Sales	Assets	PBDITA	PAT	Invest ments	Investment (abroad)	Forex earnings	No. of shares*	Market cap.	Employee
1989	516.29	376.84	69.95	31.45	32.23	0	3.05	92.47	14750.1	--
1990	602.37	499.76	120.85	64.41	87.58	0	3.94	92.47	14696.62	--
1991	670.16	626.81	148.13	64.82	185.07	0	12.12	92.47	14649.74	--
1992	856.86	751.44	203.38	88.04	210.46	0	24.21	92.77	14602.02	--
1993	977.23	1834.18	282.98	115.5	262.7	0	77.86	92.77	14557.24	--
1994	920.74	2058.8	297.1	159.7	492.09	0	47.18	92.77	14487.31	--
1995	1118.15	2750.16	510.3	291.95	841.46	0	67.67	92.77	14413.71	--
1996	1421.87	3251.88	737.54	401.14	836.4	0	107.38	1159.26	14367.32	--
1997	1308.55	3605.68	621.82	390.3	849.27	0	156.64	1159.26	14290.51	--
1998	1672.36	4224.86	734	496.21	1009.38	0	170.26	1159.26	14245.81	--
1999	2010.85	5739.96	920.16	566.79	1062.88	0	167.26	1159.26	14196.58	--
2000	2309.97	6036.2	1056.26	612.37	1132.94	0.53	315.74	1159.26	14140.19	--
2001	2586.45	6664.74	1204.22	678.08	1917.54	0	378.69	1227.13	14119.3	--
2002	2663.11	7489.84	1249.22	686	1985.27	0.53	337.38	1227.13	14060.84	12955
2003	5499.02	10299.24	1348.06	582.14	2648.43	255.97	1028.26	1227.13	14001.05	13752
2004	6821.23	11497	1749.58	838.93	3377.21	331.22	1295.1	1227.13	13945.3	13675
2005	10465.17	15114.49	2638.21	1329.36	3702.15	429.31	2607.38	1227.13	13889.72	19687
2006	12485.92	18908.11	2822.47	1655.55	3971.3	483.08	3650.16	1226.87	13832.78	19593
2007	19882.19	25007.81	4353.7	2564.33	8804.78	0.53	6977.54	1700.27	13775.68	20366
2008	20880.45	30963.47	4672.17	2860.94	14107.99	2533.26	6435	1700.27	13712.76	19667

*values are in million
Source: Prowess (CMIE)

Table 5.3
Major milestones of Hindalco Ltd

Year	Milestone
1958	▪ Incorporation of Hindalco Industries Limited.
1962	▪ Commencement of production at Renukoot (Uttar Pradesh) with an initial capacity of 20,000 mtpa of aluminium metal and 40,000 mtpa of alumina.
1965	▪ Downstream capacities like rolling and extrusion mills commissioned at Renukoot
1994	▪ Expansion, modernisation and diversification programme takes off.
1995	▪ Mr Kumar Mangalam Birla takes over as Chairman of Indal Board.
1998	▪ Foil plant at Silvassa goes on stream.
1999	▪ Aluminium alloy wheels production commenced at Silvassa. ▪ Brownfield expansion of metal capacity at Renukoot to 242,000 tpa.
2000	▪ Acquisition of controlling stake in Indian Aluminium Company, Limited (Indal) with 74.6 per cent equity holding.
2002	▪ Brownfield expansion at an outlay of Rs.1,800 crore; ninth potline commissioned. ▪ The amalgamation of Indo Gulf Corporation Ltd.'s copper business, Birla Copper, with Hindalco ▪ Open offer to acquire additional equity to make Indal a wholly-owned subsidiary.
2003	▪ Hindalco acquires Nifty Copper Mine through Aditya Birla Minerals Ltd. (ABML, formerly Birla Minerals Resources Pty. Ltd.). ▪ ABML acquires the Mount Gordon copper mines in November 2003. ▪ Hindalco becomes majority stakeholder in Utkal Alumina, a joint venture with Alcan. ▪ The amalgamation of Indo-Gulf's copper business with Hindalco. ▪ Divestment of 8.6 per cent holding in Indo Gulf Fertilisers Ltd. ▪ Brownfield expansion of aluminium smelter at Renukoot to 345,000 tpa.
2004	▪ Scheme of arrangement announced to merge Indal with Hindalco. ▪ Copper smelter expansion to 250,000 tpa.
2005	▪ All businesses of Indal, except for the Kollur Foil Plant in Andhra Pradesh, merged with Hindalco Industries Limited. ▪ Aditya Birla Group to set up a world-class aluminium project in Orissa at a project cost of about Rs.11,000 crore. ▪ MoUs signed with state governments of Orissa and Jharkhand for setting up greenfield alumina refining, smelting and power plants. ▪ Commissioned Copper III expansion, taking total capacity to 500,000 tpa.
2006	▪ Joint Venture with Almex USA for manufacture of high strength aluminium alloys for applications in aerospace, sporting goods and surface transport industries. ▪ MoU with the government of Madhya Pradesh for a greenfield aluminium smelter. ▪ JV with Essar Power (M.P.) Ltd. to develop and operate coal mines at Mahan, Madhya Pradesh. ▪ Company's copper mining subsidiary Aditya Birla Minerals Limited (formerly Birla Mineral Resources Pty Ltd.) listed on the Australian Stock Exchange (ASX).

	▪ Acquired an aluminium rolling mill and wire rods facility situated at Mouda (Nagpur), from Asset Reconstruction Company (India) Ltd (ARCIL), belonging to Pennar Aluminium Company Ltd.
2007	▪ Novelis became a Hindalco subsidiary. The transaction makes Hindalco the world's largest aluminium rolling company and one of the biggest producers of primary aluminium in Asia, as well as being India's leading copper producer. ▪ Acquisition of Alcan's 45 per cent equity stake in the Utkal Alumina project, thereby making Hindalco the 100 per cent project owner.

Source: http://www.hindalco.com/about_us/milestones.htm (accessed on May 25, 2009)

Table 5.4
Key Financial indicators, Grasim Ltd. (figures in INR crore)

Year	Sales	Assets	PBDITA	PAT	Invest ments	Investment (abroad)	Forex earnings	No. of shares*	Market Cap.	Employee
1989	695.44	756.62	122.13	44.19	187	0	0.16	91.67	15594.43	--
1990	875.99	1122.37	184.47	60.04	408.3	0	14.59	91.67	15550.24	--
1991	1028.13	1336.41	260.28	100.53	395.66	0	13.98	91.67	15512.6	--
1992	1262.51	1705.74	261.94	106	330.13	0	31.05	91.67	15473.1	--
1993	1463.06	2243.85	280.04	137.71	236.77	0	39.96	91.67	15434.78	21998
1994	1869.78	2763.46	433.41	227.87	489.79	0	89.26	91.67	15364.65	22533
1995	2104.44	3780.23	557.59	308.64	899.25	0	93.86	91.67	15290.56	21582
1996	2820.2	4324.5	767.54	331.8	619.22	0	175	91.67	15253.14	22144
1997	3173.31	4648.04	717.5	274.56	507.32	0	168.24	91.67	15180.98	23397
1998	3602.6	4896.84	693.77	230.78	717.12	0	314.15	91.67	15145.43	23157
1999	3910.05	5711.6	624.19	114.18	695.9	26.09	264.01	91.67	15108.79	24407
2000	4662.39	5864.52	739.42	233.1	699.2	26.09	202.47	91.67	15073.12	23345
2001	5206.24	5912.12	918.58	377.9	698.86	0	194.47	91.67	15071.26	21473
2002	5079.7	6289.05	852.96	302.96	1416.04	26.09	108.16	91.67	15031.8	16912
2003	5426.8	6606.89	982.13	367.58	1796.05	26.09	115.65	91.67	14993.44	16648
2004	6150.26	7308.79	1504.2	779.26	2540.65	23.34	159.56	91.67	14957.29	15971
2005	7232.03	8094.34	1727.04	885.71	2982.02	23.34	160.95	91.67	14925.26	15363
2006	7661.08	8855.59	1601.05	863.21	3481.71	60.6	200.3	91.67	14892.76	15156
2007	9627.13	11260.9	2656.48	1535.8	4284.04	135.94	280.68	91.67	14860.56	15023
2008	11604.7	14141.6	3656.46	2232.6	4118.04	171.86	386.86	91.67	14834.17	13200

*values are in million

Source: Prowess (CMIE)

Table 5.5
Major milestones of Grasim Industries

Year	Milestone
1947	▪ Grasim Industries incorporated.
1950	▪ Production of fabrics at Gwalior with imported man-made rayon.
1954	▪ VSF production commences at Nagda ,Madhya Pradesh
1962	▪ Inception of Engineering Division for plant and machinery for VSF.
1963	▪ Composite textile mill at Bhiwani, Haryana
1968	▪ Rayon production commences at Mavoor, Kerala.
1972	▪ VSF and Pulp plant at Harihar, Karnataka. ▪ Nagda commences production of rayon grade caustic soda for VSF production.
1977	▪ Grasim's third rayon plant at Harihar, Karnataka
1985	▪ First cement plant 'Vikram Cement' set up at Jawad, Madhya Pradesh.
1987	▪ Vikram Cement's second production line is commissioned.
1991	▪ A third production line is added at Vikram Cement.
1992	▪ Merchant exporting division 'Birla International Marketing Corporation' set up.
1993	▪ 'Vikram Ispat' is commissioned. ▪ Birla Consultancy & Software Services is set up
1996	▪ Fourth VSF plant is commissioned at Kharach, Gujarat
1995	▪ Grasim commissions two green-field cement plants 'Grasim Cement' at Rawan, Chattisgarh and 'Aditya Cement' at Shambhupura, Rajasthan ▪ 'Vikram Woollens' spinning unit at Malanpur, Madhya Pradesh is set up.
1998	▪ Atholville Pulp Mill at Canada – a joint venture with Tembec Inc. ▪ Acquisition of Dharani Cements Limited. ▪ Acquisition of Shree Digvijay Cements Limited.
2000	▪ The Lawson Competency Centre is set up following a tie up with Lawson Software (USA)
2001	▪ Four Ready-Mix Concrete plants commissioned. ▪ Consultancy and software services ltd. became separate entity as 'Birla Technologies Limited'.
2002	▪ Grasim divests Gwalior textiles unit. Textile operations consolidated at Bhiwani to manufacture Grasim and Graviera brands. ▪ Merger of Dharani Cements Limited in Grasim Industries Limited.
2003	▪ The board of engineering major, Larsen & Toubro Ltd (L&T) decides to de-merge its cement business into a separate cement company, UltraTech CemCo Ltd., now UltraTech Cement Ltd.
2004	▪ Grasim acquired controlling stake in UltraTech ,the cement business of L&T
2005	▪ Acquired St. Anne Nackawic Pulp Mill, Canada with Tembec Inc.
2006	▪ Formed joint venture company, Birla Jingwei Fibre Company Ltd. and acquired VSF plant in China.
2007	▪ Eighteen ready-mix concrete plants commissioned. ▪ Grasim divests Shree Digvijay Cement Company Limited.

Source: http://www.grasim.com/about_us/milestones.htm (accessed on May 28, 2009)

Table 5.6
Aditya Birla Nuvo Ltd. (figures in INR crore)

Year	Sales	Assets	PBDITA	PAT	Invest ments	Forex earnings	No. of Shares*	Market Cap.	Employee
1989	309.74	502.91	54.43	10.88	31.84	20.54	59.88		11546
1990	405	607.15	77	19.85	36.62	29.43	59.88	295.03	11214
1991	479.11	668.81	91.97	15.04	38.85	35.32	59.88	422.14	11515
1992	661.74	750.58	140.45	37.84	22.08	59.27	59.88	903.13	--
1993	606.96	843.97	131.42	43.6	63.55	69.91	59.88	902.7	--
1994	908.46	1411.25	227.07	97.86	461.05	106.85	59.88	2326.56	--
1995	1078.07	2028.41	273.49	132.64	569.05	139.68	59.88	2051.08	13498
1996	1402.42	2353.79	371.64	184.75	360.89	170.44	59.88	1874.12	13616
1997	1641.4	2748.9	425.89	214.77	289.51	212.81	74.92	1543.34	13487
1998	1814.54	2889.02	419.61	212.51	367.04	297.22	83.51	1031.82	13897
1999	1466.62	2233.65	318.6	106.04	440.19	289.04	83.51	590.82	11619
2000	1187.14	1875.8	-100.18	-241.23	353.47	296.3	93.31	421.12	--
2001	1525.95	1798.63	215.75	68.52	353.38	392.47	93.31	464.56	--
2002	1550.14	1890.45	205.6	43.46	448.88	392.25	93.31	525.48	--
2003	1592.63	1800.25	250.93	105.33	523.06	369.26	93.31	856.75	7732
2004	1717.61	2061.3	283.3	131.28	750.39	379.41	95.01	1453.76	7625
2005	1988.04	2247.76	256.7	113.72	703.42	445.04	95.01	3010.17	7012
2006	2754.75	4452.73	451.83	186.93	1678.93	460.66	95.01	6278.04	8335
2007	3550.24	6609.91	652.49	224.97	3852.53	491.46	95.01	12832.7	8197
2008	4132.25	7692.63	689.13	243.07	4057.31	634.54	95.01	11854.2	10326

* Figures are in Million

Source: Prowess (CMIE)

Table 5.7
Major Milestones of A B Nuvo Ltd.

Year	Milestones
1956	▪ Indian Rayon Corp. established
1966	▪ Acquisition of Indian Rayon
1976	▪ Jayshree Textile merged with Indian Rayon
1984	▪ Entered into Cement business
1987	▪ Indian Rayon renamed as Indian Rayon and Industries Ltd. to fit into diversified business portfolio of the Group
1988	▪ Forayed into Carbon black business
1998	▪ Indian Rayon's cement business was transferred to group company Grasim
2000	▪ Indian Rayon acquired Madura Garment
2001	▪ Indian Rayon acquired PSI Data System ▪ Joint venture with Sun Life group of Canada;entered into life insurance business
2003	▪ Entered into BPO sector, acquires Transwork
2005	▪ Indian Rayon renamed as Aditya Birla Nuvo
2006	▪ Increased the stake in Idea Cellular from 20.7 to 35.7 % ▪ Acquired Minacs, leading BPO firm from Canada ▪ 18 MW power plant commissioned in Rayon division
2007	▪ 'Aditya Birla Insulators ltd' merged with 'Aditya Birla Nuvo' ▪ Raised INR 777 Crore through Right Issues ▪ Brown-field expansion of Carbon Plant
2008	▪ Promotors infused INR 341 Crore and INR 377 Crore through warrants
2009	▪ Acquired balance 50 % stake in Birla Sunlife Life Insurance

Source: http://www.adityabirlanuvo.net/aboutus/milestone (accessed on May 28, 2009)

Table 5.8
Financial History of Idea Cellular Ltd. (figures in INR crore)

Year	Sales	Assets	PBDITA	PAT	Invest ments	Forex earnings	No. of shares*	Market Cap.
1998	55.3	1196.02	-50.08	-198.02	0	0		
1999	108.31	1535.73	-53.11	-330.66	0	0		
2000	150	1441.12	121.76	-118.96	0	0.68	2592	
2001	321.25	2190.24	24.98	-241.86	46.02	3.89	2635	
2002	671.22	2871.03	146.93	-212.45	32.77	10.65	2635	
2003	851.48	3268.51	281.4	-159.81	38.25	12.28	2635	
2004	1165.52	3892.56	301.12	-206.91	94.86	39.47	2635	
2005	1625.43	4223.6	587.71	26.05	324.87	50.73	2635	
2006	2007.07	4918.06	714.38	125.6	324.87	69.95	3101	
2007	4366.4	8672.46	1505.8	502.06	13.83	72.8	3101	31796.21
2008	6719.99	12912.61	2474.28	1044.36	569.93	79.03	3101	24580.36

*values are in million

Source: Prowess (CMIE)

Table 5.9

Major Milestones of Idea Cellular Ltd

Year	Milestone
1995	▪ Incorporated as Birla Communications Limited ▪ Obtained licenses for providing GSM-based services in the Gujarat and Maharashtra Circles following the bidding process.
1996	▪ Joint venture with AT&T Corporation; renamed to 'Birla AT&T Communications Limited'
1997	▪ Commenced operations in the Gujarat and Maharashtra Circles
1999	▪ Migrated to revenues share license fee regime under New Telecommunications Policy
2000	▪ Merged with Tata Cellular Limited; thus acquired license for the Andhra Pradesh Circle
2001	▪ Acquired RPG Cellular Limited and consequently the license for the Madhya Pradesh (including Chattisgarh) Circle ▪ Changed name to 'Birla Tata AT&T Limited' ▪ License for providing GSM-based services in the Delhi Circle
2002	▪ Changed name to 'Idea Cellular Limited' and launched "Idea" brand name
2004	▪ Completed debt restructuring for the then existing debt facilities and additional funding for the Delhi Circle. ▪ Acquired Escotel Mobile Communications Limited (subsequently renamed as Idea Mobile Communications Limited)
2006	▪ Became part of the Aditya Birla Group as TATA Group transferred its entire stakes in Idea Cellular ▪ Acquired Escorts Telecommunications Limited (subsequently renamed as Idea Telecommunications Limited) ▪ Launch of the New Circles ▪ Received license for the Mumbai & Bihar Circle.
2007	▪ Initial Public Offering (IPO) aggregating to Rs. 28,187 million and Listing of Equity Shares on the Bombay Stock Exchange and the National Stock Exchange ▪ Merger of seven subsidiaries with Idea Cellular Limited
2008	▪ Idea acquired 9 licences for Punjab, Karnataka, Tamil Nadu & Chennai, West Bengal, Orissa, Kolkata, Assam, North East and Jammu & Kashmir ▪ Acquired Spice Communications with the operating circles of Punjab and Karnataka

Source: http://www.ideacellular.com (accessed on May 28, 2009)

Table 5.10
International Companies of AV Birla Group

Country	Company	Year	Products / services
Thailand	Thai Rayon	1974	Viscose staple fibre (VSF)
	Indo Thai Synthetics	1969	Spun and fancy yarns
	Thai Acrylic Fibre	1987	Acrylic fibre
	Thai Carbon Black	1978	Carbon black
	Aditya Birla Chemicals (Thailand) Ltd.	1984	Sodium phosphates, diluents, speciality phosphates, epoxy resins, curing agents and allied products, sodium sulphite, hydrochloric acid, sodium metasulphite, sodium bisulphite, epichlorohydrin, caustic soda, allyl chloride
	Thai Peroxide	1989	Hydrogen peroxide, calcium peroxide, peracetic acid
	Thai Epoxy & allied products	1992	Epoxy Resin
Philippines	Indo Phil Group of companies	1975	Yarns
	Pan Century Surfactants Inc.	2005	Fatty alcohol / fatty acids / glycerine
Indonesia	PT Indo Bharat Rayon	1982	Viscose staple fibre (VSF)
	PT Elegant Textile Industry	1973	Yarns
	PT Sunrise Bumi Textiles	1979	Yarns
	PT Indo Liberty Textiles	1996	Yarns
	PT Indo Raya Kimia	2003	Carbon disulphide
China	Liaoning Birla Carbon Co. Ltd.	2003	Carbon black
	Birla Jingwei Fibres Company Limited	2006	Viscose staple fibre (VSF)
	Aditya Birla Grasun Chemicals (Fangchenggang) Ltd.	2007	Food grade phosphoric acid
Canada	A.V.Group	2006	Softwood/ hardwood pulp & dissolving pulp (for VSF manufacture)
Australia	Aditya Birla Minerals Ltd	2003	Copper
Laos	Birla Lao Pulp & Plantations Company Limited	2006	Pulp plant (wood) plantations
North & South America, Europe, Asia	Novelis Inc.	2007	Aluminium rolling
Egypt	Alexandria Carbon Black	1994	Carbon Black
	Alexandria Fiber Company S.A.E	2006	Acrylic fibre
Singapore	Swiss Singapore Overseas Enterprises Pte Ltd. (SSOE)	1978	Bulk commodity trading solutions provider

Source: www.adityabirla.com (accessed on May 21, 2009)

Table 5.11

Major companies of the Birla Brothers & their key financial indicator (figures in INR crore)

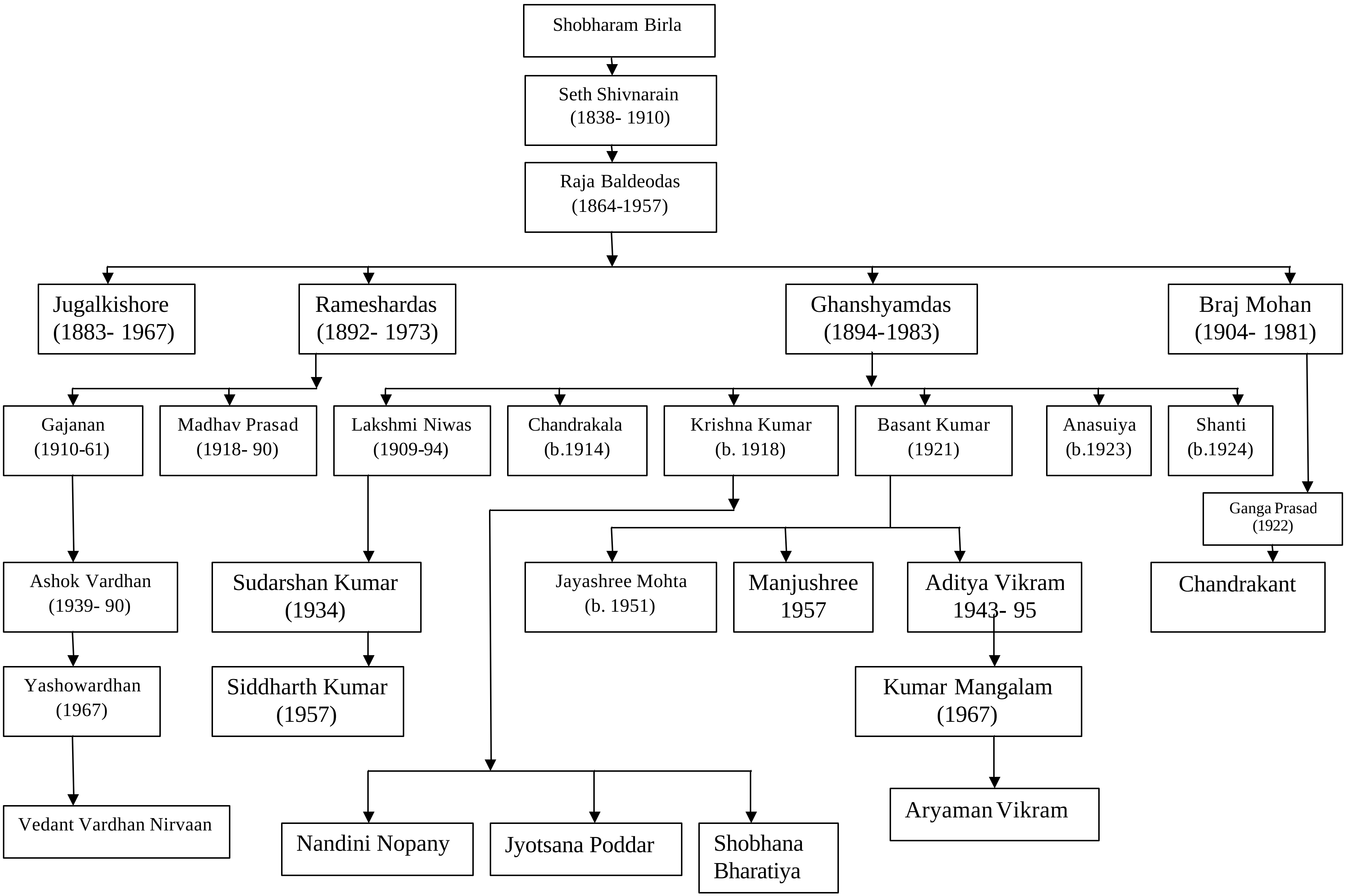
Company Name	Set Up	Owner	1990			1995			2000			2008		
			Sales	PAT	Assets	Sales	PAT	Assets	Sales	PAT	Assets	Sales	PAT	Assets
Grasim Industries Ltd.	1947	Birla Aditya Grp	876	60.04	1122	2104.4	308.64	3780.2	4662.4	233.1	5864.5	11605	2233	14142
Aditya Birla Nuvo Ltd.	1956	Birla Aditya Grp	405	19.85	607.2	1078.1	132.64	2028.4	1187.1	-241.2	1875.8	4132	243.1	7693
Hindalco Industries Ltd.	1958	Birla Aditya Grp	602.4	64.41	499.8	1118.2	291.95	2750.2	2310	612.37	6036.2	20880	2861	30963
Birla Global Finance Ltd. [M]*	1986	Birla Aditya Grp				0	0.28	15.56	0	6.35	410.81	0	30.98	338.7
Birla Financial Corpn. Ltd.	1991	Birla Aditya Grp							0	0.38	4.49	0	0.35	6.68
Birla Global Finance Co. Ltd.	1991	Birla Aditya Grp							0	0	22.85	0	22.68	974.5
Birla Securities Ltd.	1994	Birla Aditya Grp							0	-0.96	8.08	0	0	0.19
Idea Mobile Communications Ltd. [M]	1995	Birla Aditya Grp							43.73	-114.9	1605.2	703	16.51	821.2
Idea Cellular Ltd.	1996	Birla Aditya Grp							150	-119	1441.1	6720	1044	12913
Birla Technologies Ltd.	2000	Birla Aditya Grp										24.12	0.42	7.68
Ultratech Cement Ltd.	2000	Birla Aditya Grp										6286	1008	6272
Aditya Birla Insulators Ltd. [M]	2002	Birla Aditya Grp										244.7	1.12	240
Idea Cellular Infra. Services Ltd.	2007	Birla Aditya Grp										0	-0.01	36.8
Idea Cellular Services Ltd.	2007	Birla Aditya Grp										4.54	-0.2	2.76
Idea Cellular Towers Infra. Ltd.	2007	Birla Aditya Grp										0	-0.01	0.05
Birla Insurance Advisory Services Ltd		Birla Aditya Grp										10.55	3.15	12.5
Century Textiles & Inds. Ltd.	1897	Birla B.K. Grp	888.2	67.54	691.9	1505.5	159.17	2522	2281.6	28.33	2715	3963	279.4	3857
Kesoram Industries Ltd.	1919	Birla B.K. Grp	217.6	1.23	335.9	755.99	20.33	574.64	719.5	15.72	874.69	3464	383.4	2979
Birla Tea Ltd.	1964	Birla B.K. Grp				0.88	-0.93	0.68	4.71	-0.78	7.7	1.27	-0.93	1.64
Century Enka Ltd.	1965	Birla B.K. Grp	491.1	62.15	440.8	388.08	7.66	500.13	937.91	52	861.06	1317	13.41	1121
Kesoram Textile Mills Ltd.	1999	Birla B.K. Grp							3.16	-2.35	13.01	0.53	-1.06	1.97
Birla Century Finance Ltd. [M]	1991	Birla B.K. Grp							0	0.42	8.09	0	3.21	37.63
Hindustan Times	1927	Birla K.K. Grp				102.74	11.88	110.09	336.3	16.65	548.28	28.88	28.56	590.9
Texmaco Ltd.	1939	Birla K.K. Grp	174.8	-3.48	221.3	109.22	78.51	185.94	120.6	1.43	205.77	943.5	69.09	654.2
Paradeep Phosphates Ltd.	1981	Birla K.K. Grp				869.25	27.67	926.11	887.18	23.96	1083.3	2386	83.56	1524
Birla Cotton Spg. & Wvg. Mills Ltd.	1992	Birla K.K. Grp				0.4	0.48	6.2	0.4	1.16	8.37	0.96	30.7	51.85
Texmaco Machines Pvt. Ltd.	1998	Birla K.K. Grp										0	0	0
H T Media Ltd.	2002	Birla K.K. Grp										1190	144.6	1441
Birla Corporation Ltd.	1919	Birla M.P. Grp	443	4.7	428.6	899.86	28.78	624.54	950.41	-38.36	670.05	1992	393.6	2021
Pilani Industrial Corpn. Ltd.	1943	Birla M.P. Grp										9.04	-0.02	0.47

Company Name	Set Up	Owner	1990			1995			2000			2008		
			Sales	PAT	Assets	Sales	PAT	Assets	Sales	PAT	Assets	Sales	PAT	Assets
Birla Precision Technologies Ltd.	1986	Birla M.P. Grp				3.67	0.02	6.36	5.05	0.07	11.97	32.19	5.33	37.34
Birla Ericsson Optical Ltd.	1992	Birla M.P. Grp				71.27	4.9	102.73	155.18	10.44	133.67	144.5	0.93	134.2
Budge Budge Floor Coverings Ltd.	1996	Birla M.P. Grp										0.05	-0.6	3.86
Cimmco Birla Ltd.	1943	Birla S.K. Grp	222.9	2.99	101.5	384.73	4.4	313.12	173.5	-41.46	208.93	0	-97.9	218.6
Digjam Ltd.	1948	Birla S.K. Grp	176.3	6.17	130.4	400.71	25.02	618.71	281.65	-21.34	863.35	112.1	-8.11	159.6
Heidelberg Cement India Ltd.	1948	Birla S.K. Grp	199.4	-7.22	309.9	360.7	19.68	521.7	255.32	-58.78	552.96	711.2	97.65	486.4
Saurashtra Chemicals Ltd.	1951	Birla S.K. Grp							0.94	-0.48	0.66	379.7	42.23	436.5
Masuzawa Punjab Silk Ltd.	1995	Birla S.K. Grp										1.55	-3.12	18.72
Hindustan Motors Ltd.	1942	Birla C.K. Grp	613.1	2.72	479.9	986.25	30.82	703.88	1979.1	-62.28	1165.8	853.1	30.84	445.8
Birla Finance Ltd.	1980	Birla C.K. Grp							0	-0.49	3.02	0	0.06	2.68
Birlasoft Ltd.	1995	Birla C.K. Grp							10.77	0.6	18.49	270.3	0.57	158.6
Birlasoft Enterprises Ltd.	1999	Birla C.K. Grp										0	0	30.9
Birla Cotsyn India Ltd.	1941	Yash Birla Grp										84.51	1.66	180.7
Birla Transasia Carpets Ltd.	1972	Yash Birla Grp	11.61	-0.67	17.34	15.04	1.63	16.15	3.16	-6.55	16.05	2.91	-0.81	10.64
Birla Power Solutions Ltd.	1984	Yash Birla Grp	34.14	-3.83	43.85	41.09	-1.15	54.04	69.23	7.32	91	222	5.53	328.3
Birla Shloka Edutech Ltd.	1992	Yash Birla Grp										38.79	1.11	13.03
Birla Perucchini Ltd.	1997	Yash Birla Grp										8.25	-3.94	20.27
Birla Agro Pvt. Ltd.	1941	Birla Group										3.45	0.06	22.14
Birla Capital & Financial Services Ltd.	1985	Birla Group							0	0.07	3.37	0	0.13	10.43
Pilani Investment & Inds. Corpn. Ltd.	1988	Birla Group				0	11.1	67.6	1.14	11.93	603.87	1.23	32.71	622.9
Birla Eastern Ltd.	1979	Private (Indian)										4.01	1.04	26.08
Birla Holdings Ltd.	1988	Private (Indian)										0	24.91	34.57
Birla G T M-Entrepose Ltd.	1990	Private (Indian)										1.12	8.27	12.88
Jayshree Nirman Ltd.	1992	Private (Indian)										0	0.04	12.99
Brics Securities Ltd.	1993	Private (Indian)							0	-0.69	23.63	0	6.67	107.2
B G H Exim Ltd.	2000	Private (Indian)										556.8	-4.63	658.2

*Merged

Source: Prowess (CMIE)

Chart 5.1: Family Tree of the House of Birlas



Source: Kudaisya M. M. 2003. The life and times of G.D. Birla. Oxford University Press

Table 5.12
Trusts and Foundations of the Birlas

Trust/Institutes	Set Up	Activity
Birla Education Trust	1929	Birla Institute of Technology & Science (BITS), Pilani
B.K. Birla Centre for Education		Education
Aditya Birla World Academy		Academic & Residential community
Aditya Birla Foundation	1995	Aditya Birla Memorial Hospital
Sarla Birla Academy		Academic & Residential community
Krisnhapan Charity Trust K.K. Birla Foundation	 1991	K.K. Birla Institute of Engineering & Technology, Pilani Saraswati Samman, Vyas Samman, Bihari Puraskar, Shankar Puraskar, Vachaspati Puraskar, G.D. Birla Award
The M.P. Birla Foundation		▪ M.P. Birla Foundation Veda Sanskrit Pathshala, Bangalore ▪ Bombay Hospital, Mumbai ▪ Belle Vue Clinic, Kolkata ▪ M.P. Birla Medical Research Centre at Birlapur, West Bengal and Satna, MP ▪ Birla Vikas Hospital, Satna, MP ▪ Birlapur Hospital, Birlapur, WB ▪ Dispensary at Allahabad, UP ▪ Hindustan Medical Institution at Barrack pore, West Bengal ▪ M.P. Birla Planetarium, Kolkata ▪ Express Dairy, Behala, Kolkata ▪ Joka Agricultural & Horticultural Society, Joka, West Bengal ▪ Publication of Books ▪ M.P. Birla Lecturing Chair in the UK ▪ Renovation of Ancient Temples
The R.D. Birla Kalyan Nidhi Trust	1990	▪ Provides funds for mass marriages at Dharmasthala, Karnataka

Chart 5.2
Network within Government Bodies, Industry Bodies & Regulatory Bodies

Aditya Vikram Birla: (Positions held during his life time)

- Director, Board of Reserve Bank of India
- Director, Air India
- Director, The India Fund
- Member, The Board of Trade, apex high powered Government of India's Trade Body
- Member, Economic & Trade Mission to Japan; 1985 and 1992
- Member, Advisory Board of Asian Convertibles & Income Fund, Asian Development Bank
- Member, FICCI
- Director, Board of ICICI
- Director, Infrastructure Leasing and Financial Services Ltd.
- Director, Bajaj Auto
- Honorary Consul General of the Republic of Philippines
- Member, Board of Governors of the Asian Institute of Management, Manila

Kumar Mangalam Birla:

- Director of the Central Board of Directors of the Reserve Bank of India
- Chairman of the Staff Sub-Committee of the Central Board of the Reserve Bank of India.
- Member, Prime Minister of India's Advisory Council on Trade and Industry.
- Chairman of the Board of Trade constituted by the Union Minister of Commerce & Industry
- Chairman of the Ministry of Company Affairs' Advisory Committee.
- Member, National Council of the Confederation of Indian Industry
- He served as the chairman of Securities and Exchange Board of India's Committee on Corporate Governance
- Served as chairman of SEBI's committee on insider trading.
- Chancellor of the Birla Institute of Technology & Science (BITS), Pilani.
- Director on the G.D. Birla Medical Research & Education Foundation.
- Member, Asian Regional Advisory Board of the London Business School which provides counsel on the school's strategy and curriculum.

Debu Bhattacharya:

- President , Aluminium Association of India (AAI)
- Director, International Aluminium Institute (IAI)
- Director, The Fertilizer Association of India (FAI)
- Member, Expert Committee of Agriculture and Agro-Industry of Associated Chambers of Commerce and Industry of India
- Member, Industrial Advisory Council for the state of Madhya Pradesh.

Source: http://www.adityabirla.com/the_group/management.htm (accessed on May 26, 2009)

Table 5.13
Hindalco: Acquisition, Merger & Restructuring

Year	Milestone
2000	▪ Acquisition of controlling stake in Indian Aluminium Company, Limited (Indal) with 74.6 per cent equity holding.
2002	▪ The amalgamation of Indo Gulf Corporation Ltd.'s copper business, Birla Copper, with Hindalco.
2003	▪ Hindalco acquires Nifty Copper Mine through Aditya Birla Minerals Ltd. (ABML, formerly Birla Minerals Resources Pty. Ltd.). ▪ ABML acquires the Mount Gordon copper mines in November 2003. ▪ Hindalco becomes majority stakeholder in Utkal Alumina, a joint venture with Alcan. ▪ The amalgamation of Indo-Gulf's copper business with Hindalco. ▪ Divestment of 8.6 per cent holding in Indo Gulf Fertilisers Ltd.
2004	▪ Scheme of arrangement announced to merge Indal with Hindalco.
2005	▪ All businesses of Indal, except for the Kollur Foil Plant in Andhra Pradesh, merged with Hindalco Industries Limited.
2006	▪ Joint Venture with Almex USA for manufacture of high strength aluminium alloys for applications in aerospace, sporting goods and surface transport industries. ▪ JV with Essar Power (M.P.) Ltd. to develop and operate coal mines at Mahan, Madhya Pradesh. ▪ Acquired an aluminium rolling mill and wire rods facility situated at Mouda (Nagpur), from Asset Reconstruction Company (India) Ltd (ARCIL), belonging to Pennar Aluminium Company Ltd.
2007	▪ Novelis became a Hindalco subsidiary. The transaction makes Hindalco the world's largest aluminium rolling company and one of the biggest producers of primary aluminium in Asia, as well as being India's leading copper producer. ▪ Acquisition of Alcan's 45 per cent equity stake in the Utkal Alumina project, thereby making Hindalco the 100 per cent project owner.

Source: http://www.hindalco.com/about_us/milestones.htm (accessed on May 25, 2009)

Table 5.14
Grasim Industries: Acquisition, Merger & Restructuring

Year	Deals
1998	▪ Atholville Pulp Mill at Canada – a joint venture with Tembec Inc. ▪ Acquired Dharani Cements Ltd. & Shree Digvijay Cements Ltd.
2002	▪ Grasim divests Gwalior textiles unit. Textile operations consolidated at Bhiwani to manufacture Grasim and Graviera brands. ▪ Merger of Dharani Cements Limited in Grasim Industries Limited.
2003	▪ The board of engineering major, Larsen & Toubro Ltd (L&T) decides to de-merge its cement business into a separate cement company, UltraTech CemCo Ltd., now UltraTech Cement Ltd.
2004	▪ Completion of the implementation process to de-merge the cement business of L&T by Grasim; renamed as UltraTech.
2005	▪ Acquired St. Anne Nackawic Pulp Mill, Canada with Tembec Inc.
2006	▪ Formed joint venture company, Birla Jingwei Fibre Company Ltd. and acquired VSF plant in China.
2007	▪ Grasim divests Shree Digvijay Cement Company Limited. ▪ Textile units at Bhiwani transferred to a subsidiary, Grasim Bhiwani Textiles Limited.

Source: http://www.grasim.com/about_us/milestones.htm (accessed on June 1, 2009)

Table 5.15
AB Nuvo: Acquisition, Merger & Restructuring

Year	Milestones
1966	▪ Acquisition of Indian Rayon
1976	▪ Jayshree Textile merged with Indian Rayon
1988	▪ Forayed into Carbon black business
2000	▪ Indian Rayon acquired Madura Garment
2001	▪ Indian Rayon acquired PSI Data System ▪ Joint venture with Sun Life group, Canada; entered life insurance business
2003	▪ Entered into BPO sector, acquired Transwork
2006	▪ Increased the stake in Idea Cellular from 20.7 to 35.7 % ▪ Acquired Minacs, leading BPO firm from Canada ▪ 18 MW power plant commissioned in Rayon division
2007	▪ ‘Aditya Birla Insulators ltd’ merged with ‘Aditya Birla Nuvo’ ▪ Brown-field expansion of Carbon Plant

Source: http://www.adityabirlanuvo.net/aboutus/milestone (accessed on May 28, 2009)

Table 5.16

Hindalco: Mode of raising Capital & Restructuring

Year	Milestone
2000	▪ Acquisition of controlling stake in Indian Aluminium Company, Limited (Indal) with 74.6 per cent equity holding.
2002	▪ Buyback of equity shares to generate shareholder value and to utilize surplus cash. ▪ Open offer to acquire additional equity to make Indal a wholly-owned subsidiary. ▪ Buyback of equity shares to generate shareholder value and to utilise surplus cash.
2003	▪ Divestment of 8.6 per cent holding in Indo Gulf Fertilizers Ltd.
2004	▪ Scheme of arrangement announced to merge Indal with Hindalco. ▪ Copper smelter expansion to 250,000 tpa.
2006	▪ Hindalco completes largest Rights Issues in the history of Indian capital markets with total size of Rs. 22,266 million.

Source: http://www.hindalco.com/about_us/milestones.htm (accessed on May 25, 2009)

Table 5.17
Group Companies of Hindalco Industries Ltd, 2007-08

Name of the Firm	**Country**	**Ownership (In %)**
Subsidiaries		
Indal Exports Ltd	India	100
Minerals & Minerals Ltd.	India	100
Bihar Caustic & Chemicals Ltd.	India	54.65
Utkal Alumina International Ltd.	India	100
Suvas Holdings Ltd.	India	51
Renukeswar Investments & Finance Ltd.	India	100
Renuka Investments & Finance Ltd.	India	100
Dahej Harbour & Infrastructure Ltd.	India	100
Lucknow Finance Company Ltd.	India	100
Hindalco-Almex Aerospace Ltd	India	70
Tubed Coal Mines Ltd	India	60
East Coast Bauxite Mining Company Pvt. Ltd.	India	74
Birla Resources Pty Ltd	Australia	100
Aditya Birla Minerals Ltd.	Australia	51
AV Minerals (Netherlands) B.V.	Netherland	100
AV metals Inc	Canada	100
Novelis Inc.	Canada	100
AV Aluminium Inc	Canada	100
Birla Macroochydore Pty Ltd.	Australia	51
Birla Nifty Pty Ltd.	Australia	51
Birla Mt Gordon Pty Ltd.	Australia	51
Novelis Belgigue SA	Belgium	100
Novelis Benelux NV	Belgium	100
Albrasilis-Aluminio do Brasil Industria e Comercia Ltd	Brazil	99.99
Novelis de Brasil Ltda	Brazil	99.99
4260848 Canada Inc.	Canada	100
4260856 Canada Inc.	Canada	100
Novelis Cast House Technology Ltd.	Canada	100
Novelis No. 1 Ltd Partnership	Canada	100
Novelis Foil France SAS	France	100
Novelis Lamines France SAS	France	100
Novelis PAE SAS	France	100
Novelis Aluminium Beteiligungs GmbH	Germany	100
Novelis Deutschland GmbH	Germany	100
Novelis Aluminium Holding Company	Ireland	100
Novelis Italia SpA	Italy	100
Novelis Luxembourg SA	Luxembourg	100
Alcom Nikkei Specialty Coatings Sdn Berhad	Malaysia	100
Aluminium Company of Malaysia Berhad	Malaysia	58.24
Al Dotcom Sdn Berhad	Malaysia	58.24
Novelis (India) Infotech Ltd	India	100
Novelis de Mexico SA de CV	Mexico	100
Novelis Korea Ltd.	South Korea	67.90
Novelis Sweden AB	Sweden	100
Novelis AG	Switzerland	100

Novelis Switzerland SA	Switzerland	100
Novelis Technology AG	Switzerland	100
Novelis Automotives UK Ltd	UK	100
Novelis Europe Holdings Ltd	UK	100
Novelis UK Ltd	UK	100
Aluminium Upstream Holdings LLC (Delaware)	USA	100
Eurofoil, Inc (USA) (New York)	USA	100
Logan Aluminium Inc (Delaware)	USA	40
Novelis Corporation (Texas)	USA	100
Novelis Finances USA LLC (Delaware)	USA	100
Novelis PAE Corp (Delaware)	USA	100
Novelis South America Holdings LLC	USA	100
Consprcio Candonga France Aluminium Recyclage SA	Brazil France	50 20
Aluminium Norf GmbH	Germany	50
Deutsche Aluminium Verpackung Recycling GmbH	Germany	30
MiniMRF LLC (Delaware)	USA	50
Aditya Birla Science & Technology Co. Ltd.	India	49
Joint Ventures		
IDEA Cellular Ltd.	India	8.66
Mahan Coal Ltd.	India	50
Trust of the Company		
Trident Trust		

Source: Annual Report of Hindalco Industries Ltd. for the year 2007-08

Table 5.18
Grasim Industries Ltd: Modes of raising Capital & Restructuring

Year	Major Issues
1992	▪ First GDR issue for US$ 90 million
1994	▪ Second issue of GDR for US $100 million
2001	▪ Grasim acquires 10 per cent stake in L&T. Subsequently increases stake to 15.3 per cent by October 2002
2004	▪ Grasim acquired controlling stake in UltraTech ,the cement business of L&T

Source: www.adityabirla.com (accessed on May 21, 2009)

Table 5.19
Group companies of Grasim Industries Ltd., 2007-08

Company	Category
Subsidiaries:	
UltraTech Cement Ltd.	Cement
Dakshin Cements Ltd.	Cement
UltraTech Ceylinco Private Ltd.	Cement
Grasim Bhawani Textiles Ltd.	Textiles
Harish Cement Ltd.	Cement
Samruddhi Swastik Trading & Investments Ltd.	Investment
Sun God Trading & Investments Ltd.	Investments
Joint ventures:	
Idea Cellular Ltd.	Telecom
AV Cell Inc.	Pulp
AV Nackawic Inc.	Pulp
Birla Jingwei Fibres Co. Ltd.	Fibre
Birla Lao Pulp & Plantations Co. Ltd.	Plantation & Pulp
Associate:	
Aditya Birla Science & Technology Co. Ltd.	Research & Development

Source: Annual Report, 2007-08, Grasim Industries Ltd.

Table 5.20
A B Nuvo: Modes of raising Capital & Restructuring

Year	Developments
1994	▪ The Birla Growth Fund is renamed Birla Global Finance Limited, as its span of operations expands
1999	▪ A joint venture with financial services major Sun Life of Canada
2003	▪ Birla Copper accorded London Metal Exchange (LME) registration
2005	▪ Indian Rayon re-christened as Aditya Birla Nuvo ▪ Increased stake in Idea Cellular from 4.3 % to 20.7 %
2006	▪ Further increased stake in Idea Cellular from 20.7 % to 35.7 %
2007	▪ Raised INR 777 Crore through Right Issues
2008	▪ Raised INR 500 Cr. Of long term resources through non-convertible bonds. ▪ Acquired 56% stake in Chennai based broking firm Apollo Sindhoori Capital for INR 198.81 Crore. ▪ Promoters infused INR 341 Crore and INR 377 Crore through warrants

Source: http://www.adityabirlanuvo.net/aboutus/milestone (accessed on June 5, 2009)

Table 5.21
Subsidiaries of AB Nuvo (figures in percent)

Name of the Subsidiary	**Country**	**2008**	**2007**
Aditya Birla Insulators Ltd.	India		99
Aditya Birla Minacs Worldwide Ltd.	India	88.28	88.28
Aditya Birla Minacs Philippines Inc.	Philippines		
Aditya Birla Telecom Ltd.	India		
Aditya Vikram Global Trading House ltd.	Mauritius	100	100
AV Transworks Ltd.	Canada	88.28	88.28
BGFL Corporate Finance Pvt. Ltd.	India		
Birla Global Finance Company	India	100	100
Birla Insurance Advisory Broking Services	India	50.01	50.01
Birla Sun Life Insurance Co. Ltd.	India	74	74
Birla Technologies Ltd.	India	70.4	70.4
Crafted Clothing Pvt. Ltd.	India	100	100
Laxminarayan Investment Ltd.	India	100	100
Madura Garments Export Ltd.	India	100	100
Madura Garments Lifestyle Retail Co. Ltd.	India	100	100
Madura Garments Export US Inc.	USA	100	
Madura Garments International Brand Co.Ltd.	India	100	
Minacs Kft. (subsidiary of Minacs GmbH)	Hungary	88.28	88.28
Minacs Worldwide Inc.	Canada	88.28	88.28
Minacs Worldwide SA de CV	Mexico	88.28	88.28
PSI Data Systems Ltd. India	India	70.4	70.4
Peter England Fashion & Retail Co. Ltd.	India	100	
The Minacs GmbH	Germany	88.28	88.28
The Minacs Group	USA	88.28	88.28
TransWorks Inc.	USA	88.28	88.28
Birla Sun Life Asset Management Co. Ltd.	India	50	50
Birla Sun Life Distribution Co. Ltd.	India	49.99	49.99
Birla Sun Life Trustee Co. Pvt. Ltd.	India	49.8	49.8
IDEA Cellular Ltd.	India	31.78	31.78
Birla Securities Ltd.	India	50	50

Source: Annual Report 2007-08, AB Nuvo Ltd.

Table 5.22
Capital Base of Hindalco

Period		Instrument	Authorized Capital	Issued Capital	PAID UP		
From	To		(Rs. cr)	(Rs. cr)	Shares (nos)	Face Value	Capital
1959	1960	Equity Share	10	0.15	150000	10	0.15
1960	1961	Equity Share	10	6	750000	10	0.75
1961	1963	Equity Share	10	6	5991500	10	5.99
1964	1965	Equity Share	10	6	5993200	10	5.99
1965	1966	Equity Share	10	6	5993950	10	5.99
1967	1968	Equity Share	10	8.04	7670510	10	7.67
1968	1969	Equity Share	10	8.04	8031893	10	8.03
1972	1982	Equity Share	12	10.05	10039866	10	10.04
1982	1988	Equity Share	15	13.39	13386488	10	13.39
1988	1989	Equity Share	21	17.85	17848650	10	17.85
1989	1990	Equity Share	45	17.85	17854700	10	17.85
1990	1991	Equity Share	45	38.77	38773864	10	38.77
1991	1992	Equity Share	45	38.77	38773864	10	38.77
1992	1993	Equity Share	70	38.77	38773864	10	38.77
1993	1994	Equity Share	70	45.48	43377514	10	43.38
1994	1995	Equity Share	70	49.65	48012080	10	48.01
1995	1996	Equity Share	145	49.65	49650030	10	49.65
1996	1999	Equity Share	145	74.47	74472020	10	74.47
1999	2000	Equity Share	145	74.47	74472020	10	74.47
2000	2001	Equity Share	145	74.47	74472020	10	74.47
2001	2002	Equity Share	145	74.47	74466213	10	74.47
2002	2003	Equity Share	145	92.48	92481325	10	92.48
2003	2004	Equity Share	145	92.48	92481325	10	92.48
2004	2005	Equity Share	145	92.78	92780847	10	92.78
2005	2006	Equity Share	145	115.93	231521031	0	5.79
2006	2007	Equity Share	145	115.93	927808470	1	92.78
2007	2008	Equity Share	145	122.72	1227190692	1	122.72

Sourrce: www.moneycontrol.com (accessed on June 1, 2009)

Table 5.23
Equity Base of Grasim Ltd.

Period		Instrument	--- CAPITAL (Rs. cr) ---		- P A I D U P -		
From	To		Authorised	Issued	Shares (nos)	Face Value	Capital
1989	1990	Equity Share	65	48.46	48461071	10	48.46
1990	1991	Equity Share	65	60.5	60502177	10	60.5
1991	1992	Equity Share	65	60.5	60502177	10	60.5
1992	1993	Equity Share	75	67.44	67435922	10	67.44
1993	1994	Equity Share	75	67.44	67435922	10	67.44
1994	1996	Equity Share	75	72.31	72313970	10	72.31
1996	1999	Equity Share	95	72.31	72313970	10	72.31
1999	2000	Equity Share	95	91.67	91669649	10	91.67
2000	2001	Equity Share	95	91.67	91669685	10	91.67
2001	2002	Equity Share	95	91.67	91669685	10	91.67
2002	2003	Equity Share	95	91.67	91669685	10	91.67
2003	2004	Equity Share	95	91.67	91671233	10	91.67
2004	2005	Equity Share	95	91.67	91672097	10	91.67
2005	2006	Equity Share	95	91.67	91673654	10	91.67
2006	2007	Equity Share	95	91.67	91673834	10	91.67
2007	2008	Equity Share	95	91.67	91674228	10	91.67

Source: www.moneycontrol.com (accessed on June 2, 2009)

Table 5.24
Equity Base of AB Nuvo

Period		Instrument	Authorized Capital	Issued Capital	- P A I D U P -		
From	To		(Rs. cr)	(Rs. cr)	Shares (nos)	Face Value	Capital
1961	1963	Equity Share	4	2.5	39187	100	0.39
1963	1964	Equity Share	4	2.5	249625	100	2.5
1964	1974	Equity Share	4	2.5	249625	100	2.5
1974	1976	Equity Share	4	2.5	249905	100	2.5
1976	1977	Equity Share	4	3.48	348358	100	3.48
1977	1978	Equity Share	4	3.48	348358	100	3.48
1978	1980	Equity Share	6	43.77	437706	100	4.38
1980	1981	Equity Share	6	4.38	4377060	10	4.38
1981	1983	Equity Share	16	6.86	6863839	10	6.86
1983	1987	Equity Share	16	6.87	6870004	10	6.87
1987	1988	Equity Share	46	16.14	16136493	10	16.14
1988	1989	Equity Share	46	25.44	25439528	10	25.44
1989	1990	Equity Share	46	25.44	25439528	10	25.44
1990	1991	Equity Share	46	25.44	25439528	10	25.44
1991	1992	Equity Share	46	25.44	25439528	10	25.44
1992	1993	Equity Share	71	25.44	25439528	10	25.44
1993	1994	Equity Share	71	30.99	30992615	10	30.99
1994	1995	Equity Share	71	44.96	44964525	10	44.96
1995	1996	Equity Share	71	4.5	44973610	10	44.97
1996	1997	Equity Share	71	44.99	44985034	10	44.99
1997	1999	Equity Share	85	67.48	67483041	10	67.48
1999	2000	Equity Share	85	59.88	59876742	10	59.88
2000	2001	Equity Share	85	59.88	59876742	10	59.88
2001	2002	Equity Share	85	59.88	59876742	10	59.88
2002	2003	Equity Share	85	59.88	59876742	10	59.88
2003	2004	Equity Share	85	59.88	59881902	10	59.88
2004	2005	Equity Share	85	59.88	59884782	10	59.88
2005	2006	Equity Share	85	59.89	59889912	10	59.89
2006	2007	Equity Share	120	93.31	93305187	10	93.31
2007	2008	Equity Share	120	95.01	95008050	10	95.01

Source: www.moneycontrol.com (accessed on June 5, 2009)

Table 5.25

Share Holding Structure of Group companies (figures in per cent)

Hindalco Ltd. :

	1976	1980	1985	1990	1995	2000	2005	2006	2007	2008
Promoters holding (%)	21.4	22.8	24.4	25.9	26	27.1	31.42	31.4	36.1	36.1
Indian Promoters	21.4	22.8	24.4	15.3	16.8	27.1	31.42	31.4	36.1	36.1
Individuals & Hindu Undivided Family	0	0	0	0	0	0.11	0.11	0.11	0.14	0.14
Central & State Government	0	0	0	0	0	0	0	0	0	0
Corporate Bodies	0	0	0	0	0	25.5	29.99	30	35	35
Financial Institutions & Banks	0	0	0	0	0	0	0	0	0	0
Other Idian promoters	0	0	0	0	0	1.41	1.33	1.33	0.96	0.96
Non-promoters holding (%)	78.6	77.2	75.6	74.1	74.1	62.5	57.91	57.9	53.2	53.7
Institutions	41.2	41	40	39.4	35.5	33.3	28.14	28.2	24.6	28.9
Non-institutions	37.4	36.2	35.7	34.7	38.6	29.2	29.77	29.7	28.6	24.8
Shares held by Custodians (%)	0	0	0	0	0	10.4	10.67	10.7	10.8	10.2
Total equity holding (%)	100	100	100	100	100	100	100	100	100	100

Grasim Industries:

	1976	1980	1985	1990	1995	2000	2005	2006	2007	2008
Promoters holding (%)	20.4	20.4	20.4	21.9	25	25.2	25.2	25.2	25.2	25.2
Indian Promoters	0.16	0.16	0.16	0.16	17.4	25.2	25.2	25.2	25.2	25.2
Individuals & Hindu Undivided Family	0	0	0	0	0	0.15	0.15	0.15	0.15	0.15
Central & State Government	0	0	0	0	0	0	0	0	0	0
Corporate Bodies	0	0	0	0	0	25	25	25	25	25
Financial Institutions & Banks	0	0	0	0	0	0	0	0	0	0
Foreign Promoters	0	0	0	0	0	0	0	0	0	0
Non-promoters holding (%)	79.6	79.6	79.6	78.1	75	63.8	62.4	61.9	63.5	64.1
Institutions	46.8	48.8	40.7	44.1	42.9	43.4	42.2	41.8	43	44.1
Non-institutions	32.8	30.8	38.9	33.9	32.1	20.4	20.2	20	20.5	20
Shares held by Custodians (%)	0	0	0	0	0	11	12.5	13	11.3	10.7
Total equity holding (%)	100	100	100	100	100	100	100	100	100	100

Aditya Birla Nuvo:

	1976	1980	1985	1990	1995	2000	2005	2006	2007	2008
Promoters holding (%)	26.7	26.9	26.9	28.6	28.6	39	40.2	40.2	41.2	41.5
Indian Promoters	24.9	25.1	25.1	25.2	25.2	39	40.2	40.2	41.2	41.5
Individuals & Hindu Undivided Family	0	0	0	0	0	0.15	0.14	0.14	0.14	0.14
Central & State Government	0	0	0	0	0	0	0	0	0	0
Corporate Bodies	0	0	0	0	0	38.9	40	40.1	41.1	41.4
Financial Institutions & Banks	0	0	0	0	0	0	0	0	0	0
Other Indian promoters	0	0	0	0	0	0	0	0	0	0
Foreign Promoters	0	0	0	0	0	0	0	0	0	0
Non-promoters holding	73.3	73.1	73.1	71.4	71.4	57.4	56.4	56.3	55.4	55
Institutions	25.6	25.5	31.1	36.9	40.2	35.6	37.7	37.8	37.5	37.1
Non-institutions	47.7	47.6	42	34.5	31.2	21.8	18.7	18.5	17.9	18
Shares held by Custodians (%)	0	0	0	0	0	3.62	3.47	3.47	3.45	3.45
Total equity holding (%)	100	100	100	100	100	100	100	100	100	100

Source: Prowess (CMIE)