



KESORAM INDUSTRIES LIMITED

92nd Annual Report & Accounts 2010-11



Focus drives us in all we do...

**at work
for the family
in society**



Chairman's Message

We continue to operate in certain sectors where our customers trust our strategic vision. Cement and Tyres, the two significant businesses of Kesoram have seen a mixed year. To meet the challenges of these dynamic markets and to continue on our journey of success, we have necessary foresight, strategy and preparedness.

Our competent team of executives are working with the global strategic consulting leader to develop an organisational strategy with the objective to keep us competitive for the future and to lead Kesoram on the path of growth and exemplary operations.

This will be achieved by enhancing our internal operations that will ensure a positive and consistent experience for all our stakeholders, shareholders, customers, employees, bankers and business partners including suppliers and dealers.

Our company continues to strive for and remain committed to corporate and social responsibility. Our actions are geared to ensure that all economic, environmental and social factors are considered. This makes us a responsible company.



Basant Kumar Birla

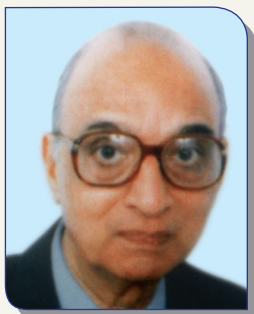


KESORAM INDUSTRIES LIMITED

Board of Directors



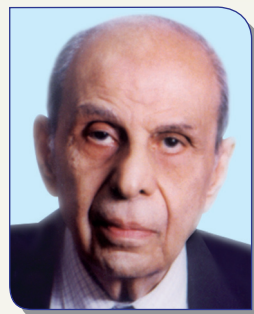
Shri Basant Kumar Birla
Chairman



Shri Krishna Gopal Maheshwari



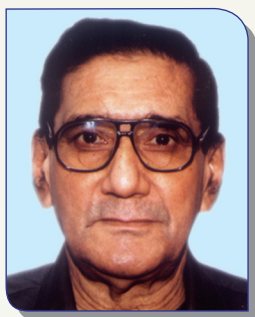
Shri Bhagwati Prasad Bajoria



Shri Pesi Kushru Choksey



Shri Amitabha Ghosh



Shri Prasanta Kumar Mallik



Smt. Manjushree Khaitan



Shri K. C. Jain
Whole-time Director



Team of Executives

CORPORATE OFFICE

Shri U. S. Asopa

Chief Financial Officer & Sr. Joint President (Finance)

Shri Suresh Sharma

Sr. Joint President (Commercial)

Shri S. K. Patodia

Company Secretary & Sr. Vice President
(Commercial - Tyre Sections)

Shri Yashwant Mishra

Sr. Joint President
(Marketing - Cement Sections)

Shri G. K. Ojha

Sr. Vice President (Secretarial)

Shri Vikash Agarwal

Sr. Vice President (Taxation)

BIRLA TYRES SECTION

Shri R. K. Shah, Joint President (Commercial)

Shri Anoj Agarwal, Joint President (Works)

Shri Anupam Dutta, Joint President (Technical)

Shri Praveen Mehta, Vice President (Sales)

Shri Hemant Kaul, Vice President (Marketing)

Shri P. K. Mitra, Vice President (Engineering)

Shri Arindam Gupta, Vice President (Production)

Shri S. C. Sood, Vice President (Commercial)

Shri Kanti Chaudhury, Vice President (Production)

Shri R. V. Prasad, Vice President (Engineering)

VASAVADATTA CEMENT SECTION

Shri D. S. Bindra, President

Shri P. R. Sharma, Joint President

Shri C. K. Jain, Joint President (Engg. & PP)

Shri O. P. Sharma, Sr. Vice President (Commercial)

Shri I. K. Purohit, Sr. Vice President (Marketing)

Shri R. K. Gandhi, Vice President (PQC)

Shri B. K. Sharma, Vice President (Mechanical)

Shri Rajesh Garg, Vice President (Mines)

Shri S. G. Karwa, Vice President (Finance & Accounts)

RAYON & TRANSPARENT PAPER SECTIONS

Shri V. N. Chandak, President

Shri J. P. Bohra, Sr. Joint President

Shri S. C. Tripathy, Joint President (Technical)

Shri A. K. Kejriwal, Sr. Vice President (Marketing)

KESORAM CEMENT SECTION

Shri S. V. Tapadia, Joint President (Finance & Admn.)

Shri Mahesh Agarwal, Joint President (Technical)

Shri Ashok Ostwal, Sr. Vice President (Sales & Marketing)

Shri Ch. S. Nageshwara Rao, Vice President (PQC)

HINDUSTHAN HEAVY CHEMICALS SECTION

Shri M. L. Bhattacharya, Sr. Vice President (Works)

Shri H. R. Dudhoria, Vice President (Commercial)

SPUN PIPES SECTION

Shri Sadhan Sarkar, Dy. General Manager



KESORAM INDUSTRIES LIMITED

Registered Office

8th Floor, Birla Building
9/1, R. N. Mukherjee Road, Kolkata - 700 001
Phone No. : 033-22435453/22429454
Fax No. : 033-22109455
E-mail : kesocorp@cal3.vsnl.net.in

Bankers

Axis Bank Ltd.
Bank of Baroda
Citibank N.A.
DBS Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
IndusInd Bank Ltd.
ING Vysya Bank Ltd.
Punjab National Bank
State Bank of Hyderabad
State Bank of India - *Lead Bank*
Standard Chartered Bank
The Royal Bank of Scotland N.V.
The Hongkong & Shanghai Banking Corpn. Ltd.
YES Bank Ltd.

Auditors

Messrs Price Waterhouse

Share Transfer Agent

MCS Limited., (Unit: Kesoram Industries Ltd.)
77/2A, Hazra Road, Kolkata - 700 029.
Phone No. : 033-24541892 to 93
Fax No. : 033-24541961
E-mail : mcskol@rediffmail.com

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

Members, to whom the printed copy of Annual Report & Accounts has been sent, are requested to bring the same at the meeting to avoid inconvenience.



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KESORAM INDUSTRIES LIMITED

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the ninety-second Annual General Meeting of KESORAM INDUSTRIES LIMITED will be held on Tuesday, the 5th July, 2011 at 11:00 A.M. at “Kala-Kunj”, 48, Shakespeare Sarani, Kolkata -700017, to transact the following business:

General Business

1. To consider and adopt the Reports of the Auditors and the Directors and the Audited Accounts of the Company for the year ended 31st March, 2011.
2. To confirm the payment of Interim Dividend on Ordinary Shares declared by the Board of Directors in its meeting held on 10.11.2010.
3. To declare final Dividend on Ordinary Shares for the year ended 31st March, 2011.
4. To appoint Directors in place of Shri P.K. Choksey and Shri Amitabha Ghosh, who retire by rotation and being eligible, offer themselves for re-election.
5. To appoint Auditors and fix their remuneration.

Special Business

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

6. **“RESOLVED** that the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company to borrow from time to time all such sum of money as they may deem requisite for the purpose of the business of the Company notwithstanding that money to be borrowed together with money already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business), exceed the aggregate of the paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the aggregate of the sums so borrowed shall not exceed Rs. 4,000 Crore (Rupees Four Thousand Crore only) at any one point of time.”
7. **“RESOLVED** that in supersession of the earlier resolution passed in this behalf and pursuant to the provisions of Section 293 (1)(a) and all other applicable provisions of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to hypothecate, mortgage, create lien and/or other encumbrances in addition to the mortgages/charges etc. already created/to be created by the Company in such form and manner and with such ranking and at such time and on such terms on all or on any of the movable and/or immovable properties of the Company both present and future and/or on the whole or any part of the undertaking(s) of the Company as the Board may determine to secure the sum or sums of money borrowed or to be borrowed aggregating up to Rs.4,000 Crore (Rupees Four Thousand Crore only) by the Company from Banks, Financial Institutions, etc.

RESOLVED FURTHER that the Board of Directors of the Company (including any Director/Executive so authorised in this behalf) be and are hereby authorised to finalise and execute such Deeds of Debenture, Debenture Trust Deeds, Promissory Notes, Deposit Receipts and other deeds or documents for creating the aforesaid mortgage and/or hypothecation, charge and other encumbrances, if any, by the Company and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”



KESORAM INDUSTRIES LIMITED

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

8. a) “RESOLVED that subject to the approval of Central Government, if required and pursuant to the provisions of Sections 198, 269, 387 and 388 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto and all guidelines for managerial remuneration issued by the Central Government from time to time, the Company hereby approves and ratifies the remuneration of Rs. 64,60,216 including the perquisites and other amenities paid/payable to Shri K. C. Jain (excluding P.F. & Super-annuation contributions and gratuity of Rs. 30,84,794) during the period of his office as Manager of the Company as the minimum remuneration for the financial year ended 31.03.2011 and further proportionate amount to be paid for the period from 01.04.2011 to 14.04.2011 as approved by the Shareholders previously even in excess of the prescribed limits in schedule XIII of the Act [in addition to the remuneration of Rs. 34.15 lac (excluding P.F. & Super-annuation contributions and gratuity of Rs. 2.21 lac) received/receivable from Mangalam Cement Ltd., a profit making Company, for the financial year ended 31.03.2011] due to loss in the Company for the financial year ended 31.03.2011.
- b) RESOLVED that subject to the approval of Central Government and pursuant to the provisions of Sections 198, 269, 309, 311 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto and all guidelines for managerial remuneration issued by the Central Government from time to time, the Company hereby approves and ratifies the remuneration of Rs. 79,97,175 (excluding PF & Super-annuation contributions and gratuity of Rs. 18,43,501) including the perquisites and other amenities paid/payable to Shri Deepak Tandon as the minimum remuneration during the period of his office as Whole-time Director of the Company for the financial year ended 31.03.2011 and further proportionate amount to be paid for the period from 01.04.2011 to 14.04.2011 in terms of the approval of Shareholders given earlier even in excess of the limits prescribed in Schedule XIII of the Act due to loss in the Company for the financial year ended 31.03.2011.”
9. “RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 311, 316 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto and article 139A of the articles of Association of the Company and all guidelines for managerial remuneration issued by the Central Government from time to time, the Company approves the appointment by the Board of Directors (Board) of Shri K. C. Jain as Whole-time Director at the following terms & conditions, notwithstanding the fact that he is also Managing Director of Mangalam Cement Ltd, for a period of three years with effect from 15th April, 2011 with liberty to either party to terminate the appointment on three months’ notice in writing to the other or the notice pay in lieu thereof, upon the following terms as to remuneration as set out hereafter and with further liberty to the Board of Directors/any Committee thereof/Chairman of the Board from time to time to alter the said terms in such manner as may be in the best interests of the Company, subject however to the restrictions, if any, contained in the Companies Act, 1956, including Schedule XIII thereto as amended up to date and/or otherwise as may be permissible by law or Central Government in this behalf, viz:
- a) *Basic Salary & Allowance per month:*
- i) Basic Salary: Rs. 6,00,000;
- ii) Special Allowance: Rs. 2,40,000;
- with authority to the Board of Directors/any Committee thereof/Chairman of the Board to make annual increments in basic salary and Special Allowance aforesaid (Basic salary not exceeding Rs. 7,00,000 per month and Special Allowance not exceeding Rs. 3,00,000 per month) from time to time as may be deemed fit and appropriate.
- b) *Perquisites and other amenities:*
- i) House Rent Allowance, Ex-gratia, reimbursement of Leave Travel & Medical expenses for self and family: As per the Rules of the Company;



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- ii) Company's contributions towards Provident Fund & Superannuation Fund, Leave with full pay and allowances/encashment and Gratuity: As per the Rules of the Company;
 - iii) Cars: Chauffeur-driven cars provided and maintained by the Company in relation to Company's business. Any personal use of car to be billed separately by the Company;
 - iv) Entertainment Expenses: Reimbursement of entertainment and all other expenses incurred for the business of the Company on actual basis;
 - v) Communication facility at residence: Telephone, telefax and other modern communication facilities at residence in relation to the business of the Company, any personal calls to be billed by the Company.
- c) So long as Shri Jain functions as Whole-time Director of the Company, he will not be subject to retirement by rotation and shall not be paid any fees for attending the meetings of the Board or any Committee thereof. However, Shri Jain may get the sitting fees paid/payable to other Directors for attending meeting of Board of Directors/Committee of subsidiary (ies), if any, or Companies promoted by the B.K. Birla Group.
- d) Since Shri Jain also being Managing Director at Mangalam Cement Ltd. (**MCL**), [a profit making Company] and his remuneration of Rs 60,000 as basic pay and Rs. 2,40,750 as Special Allowance per month with an annual increase of 7% every financial year in Special Allowance (excluding P.F. i.e. 12% on basic salary or any other rate as amended from time to time, Super-annuation contribution of Rs.1 lac per annum and gratuity of 15 days basic pay per year) and other amenities, etc. received from MCL in any financial year stated above shall be in addition to the total remuneration to be received by him from the Company as stated above and shall be within the overall limit prescribed from time to time under sections 198, 309 and the other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act as may be for the time being, be in force, or otherwise as may be permissible by law.
- e) Even in the event of loss/inadequacy of profits during his tenure, the remuneration, including the perquisites and other amenities as aforesaid to Shri Jain will be paid as minimum remuneration subject to the approval of the Central Government and/or compliance of the applicable requirement of Schedule XIII of the Companies Act, 1956 as existing or as amended from time to time."

By Order of the Board

S. K. Patodia
Secretary

Registered Office:

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

Dated, the 28th day of April, 2011

Notes:

1. **A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and the proxy need not be a Member. The Company must receive proxy form(s) not less than 48 hours before the Meeting.**
2. Register of Members shall remain closed from 21st June, 2011 to 5th July, 2011 (*both days inclusive*).
3. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.



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4. The Board of Directors of the Company in its meeting held on 10.11.2010 had declared interim dividend of Rs. 2.25 per ordinary share of the Company for the financial year ended 31st March, 2011 and paid the same to those members or their mandatees, whose names stood registered as beneficial owners/members of the Company as on 25th November, 2010.
5. The Final Dividend of Rs. 3.25 per ordinary share of the Company, as recommended by the Board, if declared at the ensuing Annual General Meeting, will be paid, subject to the provisions of Section 206A of the Act, on or after 12th July, 2011, to those members or their mandatees whose names stand registered in the Company's Register of Members:
 - (a) as Beneficial Owners as at the end of business on 20th June, 2011 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in Electronic Form, and;
 - (b) as Members in the Register of Members of the Company after giving effect to valid share transfers in Physical Form lodged with the **Company** or the **Share Transfer Agent** on or before 20th June, 2011. The Instruments of Share Transfers, complete in all respects, should reach the **Share Department of the Company** at 9/1, R. N. Mukherjee Road, Kolkata - 700 001 or the **Share Transfer Agent** of the Company i.e. **MCS Ltd., Unit: Kesoram Industries Ltd., 77/2A, Hazra Road, Kolkata - 700 029** well before the Book Closure date as stated above.
6. In order to avoid the risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, Shareholders are advised to avail of National Electronic Clearing Service (NECS) facility whereby the dividend will be directly credited electronically to their respective Bank accounts. This will ensure speedier credit of dividend.

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralised processing of inward instructions and efficiency in handling bulk transactions. In this regard, if you hold shares in electronic form, please furnish the new Bank Account Number allotted to you by your bank after implementation of CBS along with a photocopy of a cheque pertaining to the concerned account, to your Depository Participant (DP) at your earliest convenience. If you do not provide your new account number allotted after implementation of CBS by your bank, to your DP, please note that ECS to your old account may either be rejected or returned.

Shareholders holding shares in physical form with a Bank Account covered under CBS may inform the **Share Department of the Company/Share Transfer Agent** to avail benefit of NECS.
7. **Members holding shares in physical form, are requested to notify the change in address, if any, to the Share Department of the Company/Share Transfer Agent, the name of the Bank(s) with account number(s) for inscribing it on the face of dividend warrant(s) to avoid fraudulent encashment of same. Members holding Shares in Electronic form should send the above information to the respective Depository Participants only.**
8. In case the mailing address mentioned on this Annual Report is either without Pin Code or with incorrect Pin Code, members are requested to kindly inform the **Share Department of the Company/Share Transfer Agent** or the respective **Depository Participant(s)**, as the case may be, their Pin Code immediately for speedy and proper delivery.
9.
 - (a) Members, who are desirous of getting the Notice and/or documents, covered under section 219 read with Section 53 to the Act, by electronic mode are requested to update their email address with the respective **Depository Participant** where shares are held in electronic form and to the **Share Department of the Company/Share Transfer Agent** where shares are held in physical form.
 - (b) The email address, informed to **Share Department of the Company/Share Transfer Agent** in case of shares held in physical mode and registered in your respective DP accounts in case of shares held in electronic



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mode, periodically downloaded from the depositories viz. NSDL/CDSL, will be deemed to be your registered email address for serving the Company's documents/notices by electronic mode as covered under Section 219 read with Section 53 to the Companies Act, 1956. Members intending to refresh/update their email addresses are requested to do so as soon as possible.

10. Members, who are holding Shares, in physical form, in identical order of names in more than one Folio, are requested to apply to the **Share Department of the Company/Share Transfer Agent** along with the relevant Share Certificates for consolidation of such Folios in one Folio.
11. As per provisions of the Companies Act, 1956 (**Act**), facility for making nominations is available to Individuals holding shares in the Company. The Nomination **Form-2B**, prescribed by the Government for the purpose, can be obtained from the **Share Department of the Company/Share Transfer Agent**.
12. Pursuant to the provisions of Section 205A read together with 205C of the Act, dividends for the financial year ended 31st March, 2004 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the '**Investor Education and Protection Fund**' constituted by the Central Government.

Members, who have not got encashed the *dividend warrant(s)* for the financial year ended 31st March, 2004 or any subsequent financial years so far, are requested to make their claim to the **Share Department/Share Transfer Agent** of the Company.

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

13. The last dates of claim of the following dividends from the Company are as under:

<i>Dividends for the financial year ended</i>	<i>Date of declaration of Dividends</i>	<i>Last date for claiming unpaid Dividends</i>
31.03.2004	30.06.2004	29.07.2011
31.03.2005	30.06.2005	29.07.2012
31.03.2006	29.06.2006	28.07.2013
31.03.2007	14.03.2007(<i>Interim</i>)	13.04.2014
31.03.2008	26.06.2008	25.07.2015
31.03.2009	31.10.2008(<i>Interim</i>)	30.11.2015
31.03.2009	26.06.2009	25.07.2016
31.03.2010	30.10.2009(<i>Interim</i>)	29.11.2016
31.03.2010	01.07.2010	30.07.2017
31.03.2011	10.11.2010(<i>Interim</i>)	08.12.2017

14. (a) **Members desirous of getting any information about the accounts and operations of the Company are requested to address their query(ies) well in advance, i.e. at least 10 days before the meeting, to the Whole-time Director or Secretary of the Company to enable the Management to keep the information readily available at the Meeting.**
- (b) Members, who hold shares in Electronic Form, are requested to bring their **Depository ID Number and Client ID Number** to facilitate easier identification for attendance at the Annual General Meeting.



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15. Members are requested to claim by sending proper documentary evidence of bonafide beneficiary for the unclaimed shares lying with the Company. Till such claim, as per changed Clause 5AII of the Listing Agreements with Stock Exchanges, the voting rights on such shares shall remain frozen.
16. As per requirement of Clause 49(IV)(G)(i) of the Listing Agreements with Stock Exchanges, the particulars of Directors retiring by rotation and eligible for reappointment and Shri K. C. Jain, Whole-time Director, are given in the Corporate Governance Section of the Annual Report.

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

Item nos.6 & 7

In the Annual General Meeting of the Company held on 26th June, 2008 the Shareholders had authorised the Board of Directors of the Company under Section 293(1)(d) of the Companies Act, 1956, to borrow from time to time up to a limit of Rs 3,000 Crores (Rupees Three Thousand crores only).

The Company, for the purpose of development of its activities and expansions in hand, needs to increase its borrowing powers further by Rs.1,000 Crores (Rupees One Thousand Crores only) to Rs 4,000 Crores (Rupees Four Thousand Crores only). Accordingly, it has proposed to increase the said limit.

Since, the borrowings would exceed the paid up Share Capital and Free Reserves (excluding the temporary loans obtained from the Company's bankers and financial institutions etc. in the ordinary course of business) therefore, the resolution no.6 is being proposed in accordance with the provisions of Section 293(1)(d) of the Act, for approval of the Shareholders.

The resolution number 7 is intended to obtain the consent of the Shareholders under Section 293(1)(a) of the Act to mortgage, hypothecate, lease or create any charge on the present and/or future properties/assets of the Company for securing the loans taken or to be taken by the Company from the banks and/or financial institutions etc. up to a limit of Rs. 4,000 Crores (Rupees Four Thousand Crores only).

In view of the above, your Directors recommend the approval of both the aforesaid resolutions as Ordinary Resolutions.

None of the Directors/Manager is in any way concerned or interested in the proposed resolutions.

Item no. 8

Shri K C Jain, Senior President (Cement Sections) of the Company was reappointed as Manager of the Company w.e.f 04.05.2006 for a period of 5 years at a specified remuneration as approved by the Shareholders in their meeting held on 29.06.2006. Accordingly, he was being paid the remuneration every month as sanctioned by the shareholders.

Similarly, Shri Deepak Tandon, Senior President of Birla Tyres (Balasore and Haridwar sections) was appointed as Whole time Director in the Company with effect from 01.04.2010. Necessary resolution for his appointment was got approved from the shareholders accordingly in their meeting held on 01.07.2010 as per applicable provisions of the law. He was also being paid monthly salary in accordance with the approval of the shareholders.

The restrictions specified in Schedule XIII of the Act for payment of remuneration to Shri Jain & Shri Tandon were not applicable as there being adequate profit in the previous financial years since the Company had the consistent profit earning record. It had a PAT of Rs. 237.34 crores for the financial year ended 31.03.2010 but has incurred a loss in the financial year ended 31.03.2011 mainly due to steep increase in input cost to produce tyres, natural rubber price being the leader, which could not be passed on to customers. As a result of the loss in the said year, restrictions contained in Schedule XIII for payment of remuneration to the Manager and Whole-time Director become applicable. Since the Company had profit for the year ended 31.03.2010 as such at that time there was no need to get the same approved from shareholders as special resolutions and take permission from Central Government for payment of remuneration, which is now required to be taken to regularise the payments made as aforesaid.



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Shri Jain and Shri Tandon both are Chartered Accountants and have vast experience in accounts, finance besides wide experience of Cement and Tyre Industries over 40 years and 26 years, respectively. Your Directors are of the view that considering their qualification and experience, the remuneration paid to Shri Jain and Shri Tandon are in line with the corporate trend prevailing at present and it is desirable that the payment of the remuneration to both of them as stated in the Resolution 8 of the Notice, is approved by the shareholders to enable the Company to obtain necessary approval of Central Government for the regularisation of it in accordance with the law.

None of the Directors of the Company is concerned or interested in the aforesaid two resolutions except Shri Jain as a Manager and Shri Tandon as a Director.

Your Directors recommend passing of the aforesaid resolutions as Special Resolutions.

Item no. 9

On resignation of Shri Deepak Tandon, Shri K. C. Jain, Manager of the Company, was appointed as Whole-time Director for a period of 3 years effective 15.04.2011 vide Circular resolution. The Board, on recommendation of Remuneration Committee, in its meeting held on 28.04.2011, passed unanimously a resolution deciding the terms and conditions for his appointment as mentioned in the resolution under serial no. 9 of the Notice. The resolution also proposes to authorise the Board and/or any Committee thereof and/or the Chairman of the Board to make annual increments in the Basic Salary and Special Allowance of Shri Jain subject to limits specified therein.

Further, it was decided by the Board, vide its resolution by circulation dated 15.04.2011, that Shri Jain shall continue to carry out the function of Senior President of Cement Sections (both Vasavadatta & Kesoram Cements).

A notice in writing with requisite fees from a member under Section 257 of the Act has been received by the Company intimating his intention to propose his candidature for appointment as Director of the Company.

Since Shri Jain also being Managing Director at Mangalam Cement Ltd (a profit making Company), the remuneration paid/payable to him by the Company shall be in addition to the remuneration receivable from the said Company.

The Company had the consistent profit earning record and had a PAT of Rs 237.34 crores for the financial year ended 31.03.2010 but has a loss in the current financial year ended 31.03.2011. As a result of the loss in the current financial year and Shri Jain being of the age above 70 years, the restrictions of Schedule XIII become applicable.

Shri Jain is a Chartered Accountant and has a vast experience in accounts, finance besides wide experience of Cement Industry over 40 years. The resolution proposes to authorise the Company to appoint Shri Jain and get necessary approval from the Central Government for payment of remuneration to him as set out in Resolution No.9 as a minimum remuneration even in the event of loss or inadequate profit during his tenure.

Your Directors are of the view that considering the qualification and experience of Shri Jain, the remuneration paid to him is in line with the corporate trend prevailing at present and it is desirable that the proposed payment of the remuneration to him is approved by the shareholders to enable the Company to obtain necessary approval from Central Government in this regard.

Your Directors recommend passing of the aforesaid resolution as a Special Resolution.

None of the Directors of the Company except Shri Jain is concerned or interested in the aforesaid resolution.

By Order of the Board

Registered Office:

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

Dated, the 28th day of April, 2011

S. K. Patodia
Secretary



KESORAM INDUSTRIES LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST MARCH, 2011

Dear Members,

Your Directors have pleasure in presenting the ninety-second Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

(Rupees in Crore)

Particulars	31 st March, 2011	31 st March, 2010
Sales/Income from Operations	5,750.72	5,020.63
Less: Excise Duty	352.84	289.98
Net Sales	5,397.88	4,730.65
Other Income	161.62	130.72
Total Income	5,559.50	4,861.37
Gross Profit	120.24	648.30
Less:		
Depreciation (Net of transfer from Revaluation Reserve)	272.59	172.80
Provision for Income Tax	—	36.00
Provision for Fringe Benefit Tax written back [charge/(credit)]	(0.12)	(0.13)
Provision for Deferred Tax [charge/(credit)]	57.98	202.29
	330.45	410.96
Net Profit/(Loss)	(210.21)	237.34
Less:		
Debenture Redemption Reserve /(Transfer back)	(61.25)	101.25
Surplus/(Deficit) for the year	(148.96)	136.09
Add: Opening Balance in P&L A/c.	1,126.75	1,044.04
Amount available for appropriation which the Directors have appropriated as under:	977.79	1,180.13
(i) Proposed Final Dividend	14.87	14.87
(ii) Tax on Proposed Final Dividend	2.41	2.47
(iii) Interim Dividend	10.29	10.29
(iv) Income Tax on the Interim Dividend	1.71	1.75
(v) General Reserve	—	24.00
(vi) Balance carried forward to next year	948.51	1,126.75
	977.79	1,180.13

DEFERRED TAX

In terms of the Accounting Standard on 'Accounting for Taxes on Income' (AS-22) a sum of Rs.57.98 crore has been debited to the Profit & Loss Account being Deferred Tax Liability for the year under review.



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TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

In terms of Sections 205A and 205C of the Companies Act, 1956 read together with General Circular no.22/2002 dated 23rd September, 2002 issued by the Department of Corporate Affairs, the Company deposited about Rs.14.92 lac, being Unclaimed Dividend and interest on Fixed Deposits of the Company, during the year under review in the *'Investor Education and Protection Fund'* created by the Central Government.

DIVIDEND

The Board of Directors in its meeting held on 10th November, 2010 declared an interim dividend and today has recommended the final dividend for the year ended 31st March, 2011 on Ordinary Shares as under:

	31 st March, 2011 (Rs.)	31 st March, 2010 (Rs.)
Interim on 4,57,43,318 Ordinary Shares of Rs.10 each @ Rs.2.25 per Share (Previous year Rs. 2.25 per Share)	10,29,22,466	10,29,22,466
Final on 4,57,43,318 Ordinary Shares of Rs.10 each @ Rs.3.25 per Share (Previous year Rs.3.25 per Share)	14,86,65,784	14,86,65,784

Because of loss in the current financial year, the Interim and Final dividends are paid/recommended out of accumulated profits of the Company. Thus, the total dividend of Rs 5.50 per share, as per detail given herein above, has been paid/recommended by the Board for the financial year ended 31.03.2011.

AUDIT REPORT

As regards paragraphs 1(b) and 2(a) referred to by the Auditors in Annexures to Auditors' Report, the physical verification of the fixed assets (in phased manner) and inventories, as referred in para nos.1(b) and 2(a) respectively at the Spun Pipes & Foundries Section of the Company, could not be possible because of continued suspension of work and barricade in front of the factory gate by a section of workers at the said Section. So far as paragraph 9(b) of the said Annexure to the Report is concerned, the same is self-explanatory and needs no further explanation by the Board.

Regarding the paragraph 4 of the Annexure to Auditors' Report, the Company is taking necessary steps to rectify the deficiencies in relation to information technology general control with regard to the Tyre & Cement Sections by getting the existing programme modified to meet the required controls.

GENERAL REVIEW

The Company's turnover has increased about 15% to Rs. 5750 crore compared to Rs.5020 crore in previous year. The growth is mainly due to increase in sales of Tyre Section which standalone registered a growth of about 27% from Rs.2850 crore to Rs.3609 crore. Current year was a tough period as the Company faced challenges, where Tyre Section went through sharp hikes in raw material cost and Cement exhibited a sluggish trend for most part of the year.

Cement sales have dropped about 3% due to lower cement prices industry wide, especially in southern India. Other Sections of the Company i.e Rayon and Chemicals have witnessed about 16% growth in turnover.

The Company could manage the overall volume growth in various business segments, but the margins were adversely affected by sharp increase in input and distribution costs as well as higher depreciation cost by Rs.100 crore and higher interest cost by Rs.130 crore.

Work at Spun Pipe Section and Hindusthan Heavy Chemicals section continues to be under suspension.



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CEMENT SECTIONS

Vasavadatta Cement

Operational performance of this section continues to be good and it has achieved highest-ever production of Cement during the year. The production figures of this Section are as under:

	2010-11 (Metric Tons)	2009-10 (Metric Tons)
Clinker	39,20,723	42,98,390
Cement	42,77,698	42,03,373

Increase in the production of cement, though marginal, has been achieved despite sluggish demand conditions prevailing in the construction sector. New capacity additions by other companies have created a supply surplus situation, which has depressed the cement prices. Substantial increase in the cost of coal and raw materials has additionally increased pressure on the profit margins.

Shortage of rail wagons for movement of Cement has also hampered our Cement production, due to which clinker stock continued to remain high. This Industry considerably depends on railway for movement of its input as well as finished products to long-distance market. The shortage of wagons coupled with increase in freight charges by railway as well as road has increased the distribution cost.

This Section has been able to withstand severe competition coupled with depressed demand, due to its consistent quality, strong brand image and extensive distribution network.

Captive power generation was 444.33 million kwh during the year under review which has catered to about 97% of the total power requirement of the section. 71.13 million kwh of power generated from the power plants was sold to Gulbarga Electricity Supply Company Ltd., as against last year's 54.15 million kwh.

As a part of corporate social responsibility, the unit has continued to undertake various social welfare and development activities around the area of the unit such as Free Health Check up and Treatment Camps, Free Eye Camps, Blood Donation Camps, Dental Camps, Pulse Polio Camps, Fixing Street Lights, Fixing of Animal Trackers, Tree Plantation, Soil Testing & Agriculture Camps and other social activities.

During the year, the Unit has bagged the following prizes:

- Limestone Mines of this Section bagged two first prizes in "Drilling & Blasting", "Operation & Maintenance of mining machines" and three second prizes in "Overall performance", "Loading & Transportation" and "Lighting & Electrical installation" from the Director General of Mines Safety during Mines Safety Week Celebrations.
- Under National Safety Awards Scheme-2009, this Section was selected for Runners-up prize for "Lowest Injury Frequency Rate", which will be presented by the Hon'ble President of India.
- Won five first prizes and three second prizes in various categories from Indian Bureau of Mines during the Mines Environment & Mineral Conservation Week Celebrations, Gulbarga Zone.
- Boiler of Unit No. I Captive Thermal Power Plant of this Section has been awarded second prize for "Safe Industrial Boiler" in the State Level Competition conducted by Karnataka State Safety Institute & Department of Factories & Boilers.
- Awarded "Excellent Water Efficient Unit within the Fence" in the 7th National Award for Excellence in Water Management 2010 – organised by Indian Industries-Godrej Green Business Centre.

Apart from the above, one student of Vasavadatta Vidya Vihar has been given "Amul Vidyashree Award" instituted by Gujarat Co-operative Milk Marketing Federation Ltd., for excellence in CBSE examination and also 16 Scouts and Guides have been awarded the coveted 'Rajya Puraskar Award' for the fourth consecutive year by the Hon'ble Governor of Karnataka.

Industrial relations during the year were cordial.



KESORAM INDUSTRIES LIMITED

Kesoram Cement

Production figures of this Section are as under:

	2010-11 (Metric Tons)	2009-10 (Metric Tons)
Clinker	8,93,920	11,61,200
Cement	11,50,486	13,78,833

Production of Clinker, Cement and Cement despatches were adversely affected mainly due to longer stoppage of one Kiln for replacement of existing 1978 model Cooler with LNV Cooler and replacement of cracked tiers of both the Kilns. In addition, the political agitations in the area further suppressed the Cement demand in the region.

Cement prices fluctuated in the market due to demand supply mismatch and also substantial increase in the cost of raw materials, coal, power and other inputs. Due to these reasons the performance of this Section got adversely affected.

Captive Thermal Power Plant of this Section generated 106.59 million kwh of Power, out of which 3.3 million kwh were supplied to APTRANSCO during shutdown. About 89% of the power requirement of the Cement Plant is met from the Captive generation and balance Power was purchased from APTRANSCO. This Section is considering feasibility of power generation by Waste Heat Recovery System which will give considerable advantage in cost of power generation.

The suit challenging the validity of imposition of Electricity Duty on captive power generation @ 25 paise per Unit from 17.07.2003 by the Government of Andhra Pradesh is still pending before the Hon'ble High Court of Andhra Pradesh.

This Section bagged National Award for Mines Safety for the year 2008 from Ministry of Labour & Employment, Director General of Mines Safety, Government of India, which will be presented shortly by the Hon'ble President of India.

Basantnagar Limestone Mines of this Section bagged first prize for "Environment & Health Management" and two second prizes for "Heavy Earth Moving Machinery" and "Publicity, Propaganda & Innovations" from Director General of Mines Safety during Mines Safety Week Celebrations.

The said Mines also got first prize for "Waste Dump Management" and two second prizes for "Sub-Grade Mineral" and "Overall Performance State Level" from Indian Bureau of Mines during the Mines Environment & Mineral Conservation Week celebrations.

As part of corporate social responsibility, the Section is continuing the rural and community development activities in nearby villages, running of Agricultural Demonstration Farm, Model Dairy Farm, Vocational Training Centre for Youth and participating in other social welfare activities such as Pulse Polio Programme, Health Camps, Farmers' Training, Animal Health Camps, Distribution of Agriculture Implements to poor farmers and Tricycles & Telephone Booths to Handicapped, etc.

Industrial relations were cordial during the year.

BIRLA TYRES SECTIONS

The gross turnover of this Section for the year increased about 27% to Rs. 3,609 crores from Rs. 2,850 crores last year. The export sales for the year under review amounted to Rs. 320 crore as against Rs. 361 crore in the previous year.

Though the Section has recorded commendable sales growth but due to sharp increase in raw material prices particularly of natural rubber, profitability has been adversely affected.

At Haridwar Plant the operations were suspended for six days due to unprecedented floods and the profitability was further impacted due to 18 days lock-out at Balasore Plant.

Capacity expansion to increase the production of Truck/Bus Radial tyres by 85 MT/day at Haridwar (capital outlay: Rs. 350 crores) and Passenger Car Radial tyres by 80 MT/day at Balasore (Capital outlay: Rs. 450 crores) will be completed by 2nd quarter of 2011-12.



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The Section continues to have the distinction of being certified for ISO-9001, TS-16949, ISO-14001, SA-8000, OSHAS-18001 and TPM.

Relations with employees have been cordial and conducive to growth.

RAYON & TRANSPARENT PAPER SECTIONS

The year started with the VFY (Viscose Filament Yarn) demand displaying signs of weakening with the inventory built up. The weakness reversed during the 2nd Quarter due to increase in prices of other competing fibres. Also the VFY production cost in China increased due to limited availability of Cotton Linter Pulp and Rayon Grade Wood Pulp. Thus the cost of VFY imports also increased. This helped in improved sentiments for VFY in indigenous market leading to higher realisations and reduction in inventory level. The exports also increased substantially from 612 M.T. to 895 M.T. during the year.

Production of T.P. (Transparent Paper) was marginally higher due to improved demand from the 'Fireworks' industry which is the main consuming sector of this product. The exports were 332 M.T. against 293 M.T. of last year.

Chemical business was some how satisfactory. Steep rise in the price of Sulphur, Power and Charcoal will now affect the cost of production severely. This will put pressure on realisation which may result in slackness in demand.

Owing to unprecedented increase in Pulp & Sulphur prices during the year under review, the operating margins of the Section suffered. Also due to global shortage of Cotton Linter Pulp, the price of Rayon Grade Wood Pulp is showing strong trend of increase which coupled with recent abnormal increase in coal price may affect the profit of the Section adversely during the coming year. The sale prices of VFY & T.P. are almost at saturation level and further increase, if any, may spur substitution and subsequent fall in demand.

The technical performance of the Unit was satisfactory and relations with the employees were cordial during the year.

SPUN PIPES SECTION

Factory is under Suspension of Work on and from 2nd May 2008 because of day-to-day low production, quality problems and high rejections attributable to workmen. Several Bipartite and Tripartite meetings were held during the year. But, due to continued hostile attitude and rigid stand taken by a section of the workmen and their unions, the efforts made to reach a settlement were not successful. The blockade and barricade in front of the factory gate is still continuing. Finished goods and other material lying inside the factory could not be removed.

HINDUSTHAN HEAVY CHEMICALS SECTION

The Production figures of the Section were as under:-

Products	2010-11	2009-10
Caustic Soda	5,354 MT	11,663 MT
Sulphuric Acid	13,912 MT	19,061 MT
Hydrogen Gas	3,98,446 M ³	7,53,453 M ³

Production was adversely affected due to restrictions imposed by Pollution Control Board on operation of Caustic Chlorine Plant during July, 2010 and a fire in Rectifier-Transformer during August, 2010. Presently, the Unit is under 'Suspension of Work' with effect from 8th December 2010 consequent upon an illegal strike by a section of contract workers from 1st December, 2010.

EXCISE DUTY

During the year under review a sum of Rs. 352.84 crores (Rs. 289.98 crores in 2009-10) was paid on account of Excise Duty on various products manufactured and sold by your Company.

INSURANCE

Appropriate Insurance cover has been taken for the properties of the Company.



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DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- i. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed by the Company;
- ii. appropriate Accounting Policies, as mentioned in Schedule 17, have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the financial year ended on that date;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Adequate steps to ensure compliance of all the mandatory provisions of 'Corporate Governance' as amended in the Listing Agreements of the Stock Exchanges with which the Company's Shares are listed have been taken and your Company has ensured its required compliance.

A separate Report each on Corporate Governance and Management Discussion & Analysis are annexed hereto as *Annexure 'A'* along with Auditors' Certificate for its due compliance and *Annexure 'B'* respectively as part of Annual Report.

DIRECTORS

Shri G. B. Pande, Nominee Director of Life Insurance Corporation of India on the Board of the Company, resigned with effect from 10th February, 2011. The Board placed on record, its appreciation for his valuable contribution made to the Company during his tenure as a Director.

Shri Deepak Tandon, Whole-time Director, also resigned from the Board with effect from 15th April, 2011.

Shri K. C. Jain was appointed as Whole-time Director by the Board in place of Shri Tandon, effective 15.04.2011.

Shri P K Choksey and Shri Amitabha Ghosh, Directors of your Company, retire from the Board by rotation but are eligible for re-election.

AUDITORS

The Company has received a requisite certificate pursuant to Sec. 224 (1B) of the Companies Act, 1956 and a confirmation that Price Waterhouse, the Auditors of your Company, is complying with ongoing cycle of peer review process as required by the 'Statement on Peer Review' issued by the *The Institute of Chartered Accountants of India (ICAI)* together with a copy of the peer review certificate dated 21st September, 2010 issued by the 'Peer Review Board' of ICAI regarding their eligibility for re-appointment as Auditors, who retire at the ensuing Annual General Meeting and we recommend their re-appointment.

COST AUDITORS

The Company has appointed qualified Cost Auditors, in terms of the directives of the Central Government under Section 233B of the Companies Act, 1956, to conduct cost audits of the products manufactured by the Company.

PARTICULARS OF EMPLOYEES

The particulars as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 form part of this Report and the same is enclosed as *Annexure 'C'*.



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CASH FLOW ANALYSIS

The Cash Flow Statement for the year under reference in terms of Clause 32 of the Listing agreement with the Stock exchanges is annexed hereto.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A Statement containing necessary information, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto as *Annexure 'D'*.

APPRECIATION

We wish to acknowledge the understanding, support and the services of the sincere workers, staff and executives of the Company, which have largely contributed to the efficient operations and management of the Company. Your Directors also wish to place on record the valuable co-operation and support received from the Financial Institutions, Banks, the Government of India, the State Governments and the local authorities concerned.

We would also like to express sincere thanks to our Shareholders and Debenture holders for their confidence and understanding.

Kolkata,
28th April, 2011

S. K. Patodia
Secretary

K. C. Jain
Whole-time Director

B. K. Birla	<i>Chairman</i>
K. G. Maheshwari	
B. P. Bajoria	
P. K. Choksey	
Amitabha Ghosh	<i>Directors</i>
P. K. Mallik	
Manjushree Khaitan	



REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Your Company has been practising the principles of good Corporate Governance, which comprise all activities that result in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management.

The details of the Corporate Governance compliance by the company as per the Clause 49 of the Listing Agreement with Stock Exchanges are as under:

I. COMPLIANCE OF MANDATORY REQUIREMENTS:

A. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself to increasing long-term Shareholders' value, keeping in view the needs and interests of all its Stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

B. BOARD OF DIRECTORS:

i) COMPOSITION OF BOARD, DIRECTORSHIPS & COMMITTEE POSITIONS HELD IN OTHER COMPANIES AND SHARES OF THE COMPANY HELD AS AT 31ST MARCH, 2011:

The Board of the Company comprises adequate blend of professional, executive and independent directors.

Directors	Category	No. of outside Directorships held (excluding **)	Outside Committees # (excluding **)		Shares held
			As a Member (including Chairmanship)	As a Chairman/ Chairperson	
Shri B.K. Birla	Non-Executive	4	None	None	167707
Shri K.G. Maheshwari	Non-Executive	1	None	None	485
Shri B.P. Bajoria	Non-Executive*	3	3	1	436
Shri P.K. Choksey	Non-Executive*	1	2	None	500
Shri A. Ghosh	Non-Executive*	13	9	5	Nil
Shri P.K. Mallik	Non-Executive*	4	4	1	200
Smt. Manjushree Khaitan	Non-Executive	1	1	None	234114
Shri Deepak Tandon *** (Whole-time Director)	Executive	5	None	None	Nil

* also independent in terms of provisions of Clause 49(I)(A)(iii)

** private companies, companies under Sec. 25 of the Companies Act, 1956 and foreign companies.

*** since resigned with effect from 15th April, 2011.

only two Committees viz., the Audit Committee and the Shareholders'/Investors' Grievance Committee have been considered for this purpose.

Shri B. K. Birla, Shri K. G. Maheshwari and Smt. Manjushree Khaitan are related to each other. Shri B. K. Birla is brother-in-law of Shri K. G. Maheshwari and father of Smt. Manjushree Khaitan.



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Notwithstanding Shri Tandon being the Whole-time Director, he discharged the functions of Senior President (Accounts, Finance & Taxation) of the Company and continued to discharge his duties and obligations previously performed by him as Senior President of Birla Tyres (both Balasore and Haridwar Sections) till his resignation.

ii) ATTENDANCE OF DIRECTORS PRESENT IN THE MEETINGS HELD DURING THE YEAR 2010-11:

Five Board meetings were held during the financial year ended 31st March, 2011 i.e. on 28th April, 2010, 1st July, 2010, 24th July, 2010, 10th November, 2010 and 10th February, 2011. The attendance of each director at these meetings was as follows:

Sl. No	Members	No. of Board Meetings Attended	AGM held on 01.07.2010 Attended
i.	Shri B. K. Birla	5	Yes
ii.	Shri K. G. Maheshwari	2	Yes
iii.	Shri B. P Bajoria	3	No
iv.	Shri G. B. Pande (<i>Resigned w.e.f. 10.02.2011</i>)	4	Yes
v.	Shri P. K. Choksey	4	Yes
vi.	Shri Amitabha Ghosh	4	Yes
vii.	Shri P. K. Mallik	5	Yes
viii.	Smt. Manjushree Khaitan	5	Yes
ix.	Shri Deepak Tandon (<i>Resigned w.e.f. 15.04.2011</i>)	5	Yes

iii) CODE OF CONDUCT:

The Company has a Code of Conduct for all its Board Members and Senior Management personnel for avoidance of conflicts of interest. It has received necessary declarations affirming compliance with it from all of them during the period from 1.04.2010 to 31.03.2011. There were no material personal interests adverse to the interest of the Company and improper personal benefits received, as a result of his/her position by the Board Members/Senior Management personnel, which could lead to potential conflict of interest with the Company. The Code of Conduct is available on the website of the Company.

C. AUDIT COMMITTEE:

i) TERMS OF REFERENCE:

The Audit Committee has been mandated with the same terms of reference as specified in the Clause 49 of the Listing Agreements with Stock Exchanges and covers all the aspects stipulated by the SEBI Guidelines. The terms of reference also fully conform to the requirements of section 292A of the Companies Act, 1956.

ii) COMPOSITION, NAME OF MEMBERS AND CHAIRMAN:

As on 31.03.2011 the Audit Committee consists of three non-executive independent Directors. Four meetings were held during the financial year ended 31st March, 2011 i.e. on 28th April, 2010, 24th July, 2010, 10th November, 2010 and 10th February, 2011. The composition of the Audit Committee and the attendance of each member at these meetings were as follows:

Sl. No.	Members	No. of Meetings attended
i.	Shri P.K. Mallik - <i>Chairman</i>	4
ii.	Shri P.K. Choksey	3
iii.	Shri Amitabha Ghosh	3

iii) SECRETARY:

Shri S. K. Patodia, Secretary of the Company, is Secretary of the Audit Committee.



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- iv) **INVITEES:** (as & when considered necessary)
- Shri G.B. Pande, a nominee Director of LICI attended the meeting held on 10th November, 2010.
 - The Statutory Auditors.
 - The Internal Auditors and Cost Auditors.
 - Shri Deepak Tandon, Whole-time Director (since resigned w.e.f.15.04.2011), Shri U. S. Asopa, Sr. Joint President (Finance) and Shri Suresh Sharma, Sr. Joint President (Commercial) at the Corporate Office of the Company.
- v) The Audit Committee comprises all non-executive and independent Directors and they are persons of vast knowledge and experience. Shri P. K. Mallik, Chairman of the Audit Committee is a Senior Chartered Accountant with the requisite Financial and Accounting expertise. Shri P.K. Choksey and Shri A. Ghosh, the other two members are also Senior Chartered Accountants. All the present members are financially literate.
- vi) The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 1st July, 2010 and he ensured that necessary clarifications and explanations were provided to the members of the Company on issues regarding accounts and finance.
- vii) The Quarterly Unaudited Financial Results as well as the Annual Financial Statements during the year ended 31st March, 2011 were reviewed and examined by the members of the Audit Committee before recommendation of the same to the Board of Directors for their perusal and approval on the following dates:-

Financial Reporting	Date of approval by Audit Committee
Annual Financial Statements & Results for the year ended 31 st March, 2010	28 th April, 2010
Quarter ended 30 th June, 2010	24 th July, 2010
Quarter ended 30 th September, 2010	10 th November, 2010
Quarter ended 31 st December, 2010	10 th February, 2011

D. REMUNERATION COMMITTEE:

The Remuneration Committee consists of three non-executive independent Directors i.e. Shri B. P. Bajoria as Chairman and other two members are Shri P. K. Mallik and Shri P. K. Choksey. The Committee met on 23rd July, 2010 to bring more transparency and proper consideration in the system of revision of remuneration of the senior executives.

THE DETAILS OF REMUNERATION PAID DURING THE YEAR TO THE DIRECTORS ARE AS UNDER:

Sl. No.	Name of the Directors	Sitting fees paid for		Commission for the financial year 2009-10 paid in financial year 2010-2011
		Board Meetings (in Rs.)	Committee Meetings (in Rs.)	
1	Shri B.K. Birla	100000	—	300000
2	Shri K.G. Maheshwari	40000	—	300000
3	Shri B.P. Bajoria	60000	210000	300000
4	Shri P.K.Choksey	80000	40000	300000
5	Shri A.Ghosh	80000	30000	300000
6	Shri P.K. Mallik	100000	250000	300000
7	Smt. Manjushree Khaitan	100000	—	300000
8	Shri G. B. Pande*	80000	20000	300000
9	Shri Deepak Tandon**	—	—	—
	Total:	640000	550000	2400000



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- * Commission & fees paid to the nominating Institution, Life Insurance Corporation of India.
- ** Resigned with effect from 15th April, 2011 and received the remuneration of Rs.98,40,676 consist of salary Rs. 86,33,786, bonus Rs. 8,90,400 and benefits Rs.3,16,490 for the year ended 31.03.2011 is subject to approval of shareholders in the ensuing Annual General Meeting by special resolution and Central Government.

Besides the sitting fees and travelling expenses to attend any meeting of the Board or any Committee thereof, the approval of the Shareholders in its meetings held on 1st July, 2010 enables the Company to pay commission in every financial year to its Directors (to be divided amongst them equally) except Whole-time Director at the rate of 1 per cent of the net profit (subject to maximum Rs. 50 Lacs per annum as may be decided by the Board from time to time) of the Company computed in the manner referred to in Section 198/349 of the Companies Act, 1956, for a period of 5 years w.e.f. 1st April, 2010. However, the commission payable to the Directors for the financial year 2010-2011 is nil as there being no profit for the said year.

Besides the above, no other pecuniary relationship or transactions *vis-a-vis* the Company exist with the Non-Executive Directors.

E. SHAREHOLDERS' COMMITTEES:

- i) The "Share Transfer and Finance Committee" is comprised of two non-executive independent Directors namely Shri B. P. Bajoria & Shri P. K. Mallik and Shri Deepak Tandon was the other member of the Committee up to 14.04.2011 and has been replaced by Shri K.C. Jain, Whole-time Director of the Company, as a new member effective 15.04.2011. The Committee is headed by Shri B. P. Bajoria. It deals with the approval of transfer and transmission of securities, issue of duplicate certificate(s)/advices and other Shareholder related issues in addition to matters pertaining to certain finance related decisions.

The Committee met 16 times during the year under review.

- ii) The Company also has a "Shareholders'/Investors' Grievance Committee" consisting of two non-executive independent Directors namely, Shri P.K. Mallik, Chairman & Shri B.P. Bajoria and Shri Deepak Tandon was another member. On resignation of Shri Tandon effective 15.04.2011, Shri K.C. Jain joined as the member of the Committee. During the year under review the "Shareholders'/Investors' Grievance Committee" was reconstituted by the Board in its meetings held on 24.07.2010 and 10.02.2011. Shri G.B. Pande, Nominee Director, was inducted as a member effective 24.07.2010 and attended the meeting held on 10th November, 2010. On 10th February, 2011 he resigned from the Board, as a result ceased to be a member of the Committee and in his place Shri Tandon was appointed as member. This Committee specifically looks into redressal of Shareholders' and Investors' complaints with a primary objective to improve investor relations and had met 4 times i.e. on 22nd July, 2010, 10th November, 2010, 17th January, 2011 and 22nd March, 2011 during the financial year 2010-2011.

a) POSITION AS ON 31st March, 2011 OF THE SHAREHOLDERS' COMPLAINTS RECEIVED & REDRESSED DURING THE FINANCIAL YEAR:

Nature of Grievances	Complaints received from				Total complaints received during 2010-11	Total re-dressed	No. of grievances outstanding as on 31.03.2011
	Investors directly	Stock Exchanges	SEBI	R O C			
Non-receipt of Dividend/ Interest/Redemption Warrant(s)	33	2	3	Nil	38	38	Nil
Non-receipt of Share/ Debenture Certificate(s)	4	Nil	Nil	Nil	4	4	Nil
Non-Receipt of Duplicate Share/ Debenture Certificate(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Demat related grievance(s)	9	Nil	Nil	Nil	9	9	Nil
Non-receipt of Annual Report(s)	67	1	Nil	Nil	68	68	Nil
TOTAL:	113	3	3	Nil	119	119	Nil



KESORAM INDUSTRIES LIMITED

b) NUMBER OF PENDING COMPLAINTS AS AT 31.03.2011: NIL

Shri S. K. Patodia, Secretary is the “Compliance Officer” of the Company for compliance of the requirements under the Listing Agreements with the Stock Exchanges.

c) DETAILS OF THE OUTSTANDING SHARES IN THE UNCLAIMED SUSPENSE ACCOUNT:

Particulars	Aggregate No. of Shareholders	No. of Outstanding Shares lying in the Unclaimed Suspense Account
As on 1 st April, 2010	6476	2,34,837
Shareholders approached for transfer/delivery during 2010-11	69	1955
Shares transferred/delivered during the year 2010-11	69	1955
Balance as on 31 st March, 2011	6407	2,32,882

➤ Company is under process of transferring the unclaimed shares in the “Unclaimed Suspense Account” after delivery of the Shares claimed by the shareholder(s) after lapse of 3rd reminder.

F. GENERAL BODY MEETINGS:-

i) DETAILS OF ANNUAL GENERAL MEETINGS (AGMs) :

AGMs	Date of AGMs	Location	Time
AGM(89 th)	26 th June, 2008	“Kala-Kunj”, 48, Shakespeare Sarani, Kolkata - 700071.	11:00 A.M.
AGM(90 th)	26 th June, 2009	“Kala-Kunj”, 48, Shakespeare Sarani, Kolkata - 700071.	11:00 A.M.
AGM(91 st)	1 st July, 2010	“Kala-Kunj”, 48, Shakespeare Sarani, Kolkata - 700071.	11:00 A.M.

ii) SPECIAL RESOLUTIONS PASSED IN THE PREVIOUS THREE AGMs :

a) In the AGM on 1st July, 2010:

- i)* For according consent to Shri Deepak Tandon, a Director to hold a place of profit as Sr. President of Birla Tyres Sections of the Company and to draw salary plus all other allowance and benefit as per rules of the Company.
- ii)* To pay commission to the Directors of the Company at the rate of 1% of the net profits of the Company computed in the manner referred to in Section 198(1) of the said Act not exceeding Rs.50 Lacs to be divided amongst them equally in every financial year for a period of five years w.e.f. 1st April, 2010 subject however further to such limit per annum as may be decided by the Board in that behalf from time to time.

b) In the AGM on 26th June, 2009: No Special Resolution was transacted.

c) In the AGM on 26th June, 2008: For increasing the commission to the Directors of the Company at the rate of 1% of the net profit of the company to be divided amongst them equally except Shri S. K. Parik subject to an amount to be decided by the Board every year not exceeding Rs.25 Lacs in every financial year computed as per Section 198(1) of the Companies Act, 1956 for the period of 3 years w.e.f. 1st April, 2007.

iii) No Special Resolution was passed during the financial year ended 31st March, 2011 through Postal Ballot.

iv) Further, no Special Resolution is proposed to be conducted through Postal Ballot in the ensuing AGM.



KESORAM INDUSTRIES LIMITED

v) DISCLOSURE FOR REAPPOINTMENT/APPOINTMENT OF DIRECTORS:

Resume and other information of the Directors retiring by rotation and appointed as required to be disclosed under Clause 49(IV)(G)(i) of the Listing Agreement is as under:-

- a) **Shri P. K. Choksey**, is an eminent Chartered Accountant and is a respected professional in the accounting world for his expertise and experience. He is holding Directorship and membership in the Audit Committee and Shareholders'/Investors' Grievance Committee in Zensar Technologies Ltd.
- b) **Shri Amitabha Ghosh**, is a member of The Institute of Chartered Accountants of India with rich experience in Finance, Banking and Administration extending over a period of six decades by virtue of his association with important institutions and committee. He held senior positions like Chairman and Managing Director of Allahabad Bank, Dy. Governor and Governor of Reserve Bank of India. He was also the Chairman of Reserve Bank of India Services Board. He served on the Board of RBI, Industrial Development Bank of India, National Institute of Banking Management, EXIM Bank as well as Deposit Insurance Corporation. He headed and was also member of a number of important committees set up by Govt. of India and Reserve Bank of India in the area of Finance, Banking and Foreign Exchange. He had the distinction of participating as panelist as well as addressing important programmes organised by international bodies like IMF, SEANZA and UNCTAD etc. He is presently a director on the Boards of a number of reputed companies i.e. Century Leasing Co. Pvt. Ltd., Peninsula Land Ltd., Heidelberg Cement India Ltd., Joonktolle Tea & Industries Ltd., Orient Paper & Industries Ltd., Palit Consultancy Pvt. Ltd., Sahara Prime City Ltd., Sahara India Life Insurance Co. Ltd., Shreyas Shipping & Logistics Ltd., Shreyas Relay Systems Ltd., Shree Cement Ltd., Xpro India Ltd., Zenith Fibres Ltd., Sahara Infrastructure & Housing Ltd. and Sahara Hospitality Ltd.

He is the Chairman of the 'Audit Committees' of Sahara Prime City Ltd., Shreyas Shipping and Logistics Ltd., Orient Paper & Industries Ltd. Heidelberg Cement India Ltd. and Peninsula Land Ltd. and member of the "Audit Committee" of Sahara India Life Insurance Co. Ltd., Sahara Infrastructure & Housing Ltd. and Sahara Hospitality Ltd. and member of the "Remuneration Committee" of Peninsula Land Ltd. and Xpro India Ltd., member of the "Investment Committee" and "Risk & Assets Liability Management Committee of Sahara India Life Insurance Co. Ltd., member of the "Share Transfer and Shareholders'/Investors Grievance Committee" of Heidelberg Cement India Ltd. and Trustee and member of Audit Committee of Sahara Mutual Fund.

- c) **Shri K. C. Jain**, a Bachelor of Commerce and member of The Institute of Chartered Accountants of India, has vast experience in finance, banking, and departmental/managerial dealings over a period of 45 years with the Company. He holds directorships in Mangalam Cement Ltd. and Gondkhari Coal Mining Ltd. as well as memberships in the Share Transfer Committee/Shareholders' Investors Grievance Committee/Buyback of Share Committee of Mangalam Cement Ltd.

The shares held by the above Directors have already been disclosed under the caption Composition of Board of Directors under serial no. **I. B(i)** above, except Shri K. C. Jain, who came on the Board effective 15.04.2011, holds 2,695 shares of the Company.

G. DISCLOSURES:

i) DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:

Details of related party transactions during the year have been set out under Note No.25 of Schedule 17 of the Annual Accounts. These are not having any potential conflict with the interests of the Company at large.

ii) DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES IMPOSED ON THE COMPANY BY THE STOCK EXCHANGES, SEBI OR ANY STATUTORY AUTHORITIES ON ANY MATTER RELATED TO CAPITAL MARKETS:



KESORAM INDUSTRIES LIMITED

All the requirements of the listing agreement with the Stock Exchanges as well as regulations and guidelines of SEBI have been complied with by the Company. No penalty has been imposed or stricture has been made by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to Capital Markets during the last three years.

iii) WHISTLE BLOWER POLICY:

The Company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.

iv) DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENT AND ADOPTION OF NON-MANDATORY REQUIREMENTS:

All the mandatory requirement have been appropriately complied with and the non-mandatory requirements are dealt with at the end of this Report.

H. MEANS OF COMMUNICATION:

i) FINANCIAL RESULTS & ANNUAL REPORTS ETC.:

The Quarterly Unaudited Financial Results and the Annual Audited Financial Results as taken on record and approved respectively by the Board of Directors of the Company are published in leading national newspaper, i.e. The Business Standard (English – all India edition), Dainik Statesman (Bengali – local edition) and are also sent immediately to all the Stock Exchanges with which the Shares of the Company are listed. These results are also posted on Company's web site www.kesocorp.com. The official news release and other related information, if any, are displayed on the aforesaid website of the Company. Whenever any presentation relating to the Company's working to analysts/bankers etc. is made, the same is also displayed on the Company's website as and when such presentation(s) take(s) place.

The Quarterly Unaudited Results and Annual Financial Results along with the Report on Segment Revenue, Results and Capital Employed, Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report, Cash Flow Statement, Corporate Governance Report, Report on Management Discussion and Analysis and Shareholding Pattern etc. can also be retrieved by investors from the *Electronic Data Information Filing and Retrieval System* set up by the National Informatics Center in association with SEBI. The site can be accessed at <http://sebidifar.nic.in> for information required.

ii) MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MD&AR):

The Management Discussion and Analysis Report as reviewed by Audit Committee set out in Annexure "B" forms part of the Annual Report.

I. GENERAL SHAREHOLDER INFORMATION:

i) NEXT ANNUAL GENERAL MEETING:

Time	11:00 a.m.
Day	Tuesday
Date	5 th July, 2011
Venue	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata - 700 017

ii) FINANCIAL YEAR : The financial year of the Company covers 1st April to 31st March.

iii) DATE OF BOOK CLOSURE: 21st June, 2011 to 5th July, 2011 (*both days inclusive*)

iv) DIVIDEND PAYMENT DATE : On or after 12th July, 2011.



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v) INFORMATION PERTAINING TO THE STOCK EXCHANGES:

a. Listing on Stock Exchanges:

- The Calcutta Stock Exchange Association Ltd, 7 Lyons Range, Kolkata - 700001
- Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
- National Stock Exchange of India Ltd, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
- Societe de la Bourse de Luxembourg, Societe Anonyme/R.C.B. 6222,B.P.165, L-2011 Luxembourg

b. Stock Code for:

Bombay Stock Exchange	502937
National Stock Exchange	KESORAMIND
Calcutta Stock Exchange	10000020
Luxembourg Stock Exchange	492532205

The annual listing fees of these Exchanges have been paid by the Company for the year 2010-2011.

c. ISIN No. for the Company's Ordinary Shares in Demat Form: INE087A01019

d. Depository Connectivity: NSDL and CDSL

vi) STOCK MARKET PRICE DATA:

Month	Calcutta Stock Exchange *		Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low	High	Low
April, 2010	N.T.	N.T.	418.60	355.00	418.90	355.00
May, 2010	N.T.	N.T.	357.70	303.70	360.90	304.15
June, 2010	N.T.	N.T.	342.00	301.25	345.00	290.00
July, 2010	N.T.	N.T.	320.00	290.10	320.90	290.00
August, 2010	N.T.	N.T.	313.45	285.00	312.90	284.30
September, 2010	N.T.	N.T.	336.70	291.15	336.70	290.00
October, 2010	N.T.	N.T.	330.00	294.15	330.00	293.00
November, 2010	N.T.	N.T.	319.00	248.15	320.00	247.55
December, 2010	N.T.	N.T.	270.00	233.00	269.80	220.50
January, 2011	N.T.	N.T.	256.95	211.00	277.70	210.00
February, 2011	N.T.	N.T.	218.45	175.00	217.40	173.30
March, 2011	N.T.	N.T.	216.50	180.05	214.00	186.10

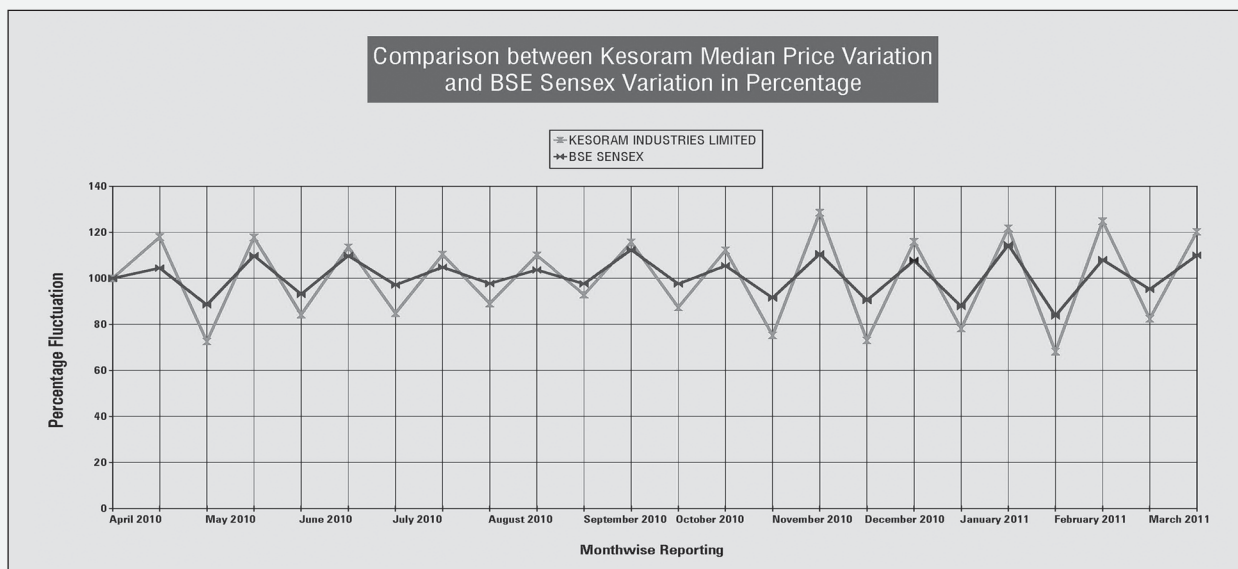
* Note: There was no trading during the year.

During the year there was no trading in Luxembourg Stock Exchange.



KESORAM INDUSTRIES LIMITED

vii) PERFORMANCE IN COMPARISON TO BROAD BASED INDICES SUCH AS BSE SENSEX, CRISIL INDEX ETC.:



viii) REGISTRAR AND SHARE TRANSFER AGENT:

M/s. MCS Limited, (Unit: Kesoram Industries Ltd.)

77/2A, Hazra Road, Kolkata - 700 029

Phone Nos.: (033) 2454-1892/3, Fax Nos.: (033)2454-1961

e-mail : mcskol@rediffmail.com

ix) SHARE TRANSFER SYSTEM:

Share transfers of physical Shares are generally registered within a maximum period of 3 weeks from the date of receipt provided the documents are complete in all respects. With a view to expedite the share transfer process, certain executives have been delegated with the authority to approve any single transfer not exceeding 10,000 shares. Single transfers above 10,000 shares are approved by the 'Share Transfer and Finance Committee'. The Company's Registrar & Share Transfer Agent dispatches the transferred shares to the transferees immediately after the transfers take place.

x) DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2011:

a) ACCORDING TO CATEGORY OF HOLDING:

Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Promoters	26	0.03	12039744	26.32
Mutual Funds/UTI	26	0.03	4320730	9.45
Financial Institutions & Banks	45	0.06	440206	0.96
Foreign Institutional Investors	31	0.04	1153066	2.52
Insurance Companies	8	0.01	6769329	14.80
NRI/OCB	496	0.62	2364409	5.17
Private Body Corporates	1199	1.49	3298798	7.21
Individuals	78560	97.72	8315161	18.18
GDRs	1	—	7041875	15.39
Total	80392	100.00	45743318	100.00



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b) ACCORDING TO NUMBER OF ORDINARY SHARES HELD:

No. of Ordinary Shares held	No of Share holders	% of Shareholder	No. of Shares	% of Shares
1-100	69008	85.84	2167210	4.74
101-200	5636	7.01	870493	1.90
201-500	3566	4.43	1212383	2.65
501-1000	1163	1.45	909680	1.99
1001-5000	761	0.95	1608813	3.52
5001-10000	111	0.14	836168	1.83
10001 – above	147	0.18	38138571	83.37
Total:	80392	100.00	45743318	100.00

xi) DEMATERIALIZATION OF SHAREHOLDING AND LIQUIDITY:

As per SEBI's Guidelines, your Company's Ordinary Shares are compulsorily traded in Dematerialized form for all the investors with effect from 31st May, 1999. 3,69,31,312 Shares were in Dematerialized form representing 80.74% of the total Ordinary Shares as on 31st March, 2011.

As per agreements of the Company with NSDL and CDSL, the investors have an option to dematerialize their Ordinary Shares with either of the Depositories.

xii) OUTSTANDING GDRS/ADRS/WARRANT OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

The allotment of Ordinary Shares for GDRs issued during the year 1996, was completed in the same year. As such, there are no GDRs/ADRs or any Convertible Instrument pending conversion to impact the Ordinary Share Capital of the Company.

However, as on 31st March, 2011 the Company awaits 70,41,875 GDRs from its holders for cancellation and delivery of shares against thereof.

xiii) INSIDER TRADING:

The Code of Internal Procedure & Conduct under The SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, is in force since 28.04.2002.

xiv) PLANT LOCATIONS :

Section	Factory Location	City Office	Run under name & style of
Cement	Sedam, Dist.Gulbarga, Karnataka-585222 Phone:08441-276005/277403 Fax:08441-276139 E-mail: communication@vasavadattacement.com Storage and Packing Unit : Survey No.296/7/4, I.D.A. Bollaram Village, Jinnaram Mandel, Medak Dist. - 502325, Andhra Pradesh.	10-3-316/2, Crystal Towers, 2nd Floor, Above Andhra Bank, Masab Tank, Hyderabad 500028, A.P. Phone .040-23342296/8056 Fax: 040-23344109/7821 E-mail: hyderabad@vasavadattacement.com.	Vasavadatta Cement



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Section	Factory Location	City Office	Run under name & style of
	<p>Basantnagar, Dist.Karimnagar Andhra Pradesh-505 187 Phone: 08728-228122/228125/228156 Fax: 08728-228160 E-mail: communication@kesoramcement.com</p>	<p>10-3-316/2, Crystal Towers, 2nd & 3rd Floors, Above Andhra Bank, Masab Tank, Hyderabad-500 028, A.P. Phone: 040-23348896/7843/7613 Fax: 040-23344109/23347821 E-mail: hyderabad@kesoramcement.com</p>	Kesoram Cement
Automobile Tyres and Tubes	<p>P.O. Chhanpur, Via.Kuruda, Dist. Balasore, Orissa-756 056 Phone: 06782-254259/780/620 Fax: 06782-254225 E-mail: btbls@cal2.vsnl.net.in</p> <p>Gram Khedimubarakpur, Tehsil Laksar, Dist. Haridwar, Uttarakhand-247 663 Phone: 01332- 256000/256001 Fax: 01332-255177 E-mail: bthdr@birlatyres.org</p>	<p>Shivam Chambers 53, Syed Amir Ali Avenue, Kolkata-700 019 Phone: 033-2281-4813/4717-20 Fax: 033-2281-4874 E-mail: ho@birlatyre. com</p>	Birla Tyres
Rayon & Transparent Paper	<p>P.O. Nayasarai, Rly. Station: Kuntighat, Near Tribeni, Dist. Hooghly, West Bengal-712 513 Phone: 033-26846431-34/26846457 Fax : 033-26846461 E-mail: kesoram@rayonworks.com</p>	<p>“Industry House” 10, Camac Street, Kolkata-700 017 Phone: 033-2282-4721-24 Fax: 033-2282-8879 E-mail: rayon@cal.kesoramrayon.co.in</p>	Kesoram Rayon
Spun Pipes & Foundries	<p>P.O Adconagar, Bansberia, Dist.Hooghly West Bengal-712 121 Phone: 033-26346462/6465/6620 Fax : 033-26346621 E-mail: spunpipe@cal.vsnl.net.in</p>	<p>“Industry House” 10, Camac Street, Kolkata-700 017 Phone: 033-2282-2476-78 Fax: 033-2282-9370 E-mail: kesospun@cal.vsnl.net.in</p>	Kesoram Spun Pipes & Foundries
Heavy Chemicals	<p>19, B. T. Road, Khardah, P.O.Balaram Dharma Sopan, Kolkata-700 116 Phone: 033-2553-2879/5183 Fax: 033-2553-3860/2583-9218 E-mail: hhcl_fac@vsnl.net</p>	<p>8th floor, Birla Bldg. 9/1, R.N. Mukherjee Road, Kolkata-700 001 Phone: 033-2213-1680-89 (10 Lines) Extn.1863/1854 Fax: 033-2242-1931 E-mail: hhc_ho@vsnl.net</p>	Hindusthan Heavy Chemicals

xv) ADDRESS FOR CORRESPONDENCE:

a) For routine matters:

Any assistance regarding Share transfers and transmissions, change of Address, non-receipt of dividends, duplicate/missing Share Certificates, demat and other matters, please write to or contact the Share Department of the Company at the address given below: -

Shri G. K. Ojha,

Kesoram Industries Ltd,

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

Phone: 033-2243-7121, Fax: 033-2210-9455

E-mail: gkojha@kesoram.net



KESORAM INDUSTRIES LIMITED

Or,

Registrar & Share Transfer Agent:

M/s. MCS Limited (Unit: Kesoram Industries Ltd.)

77/2A, Hazra Road, Kolkata-700 029

Phone Nos.: (033)2476-7350 to 54, 2454-1892/3

Fax Nos.: (033)2454-1961, 2474-7674;

E-mail : mcsca1@cal2.vsnl.net.in, mcskol@rediffmail.com

b) For Redressal of Complaints and Grievances:

The Secretary

Kesoram Industries Ltd,

9/1, R.N. Mukherjee Road, Kolkata-700001

Telephone Nos.(033) 2243-5453,2242-9454/2248-6607.

Fax No.(033)2210-9455

E-mail : kesocorp@cal3.vsnl.net.in

II. COMPLIANCE OF NON - MANDATORY REQUIREMENTS :

i) THE BOARD:

The Corporate Office of the Company bears the expenses of the office of the Chairman. Some of the independent Directors have the tenure in aggregate on the Board of more than 10 years.

ii) REMUNERATION COMMITTEE:

The Company has constituted Remuneration Committee comprising of Shri B. P. Bajoria as a Chairman, Shri P.K. Choksey and Shri P.K. Mallik being members as stated in item no.D of I above.

iii) SHAREHOLDER RIGHTS :

Half yearly results including summary of the significant events was sent during the year to the Shareholders of the Company.

iv) AUDIT QUALIFICATIONS:

The Company at present does not have any qualification pertaining to the Financial Statements.

v) TRAINING OF BOARD MEMBERS:

There was no Directors' training programme during the year ended 31.03.2011.

vi) MECHANISM FOR EVALUATING NON-EXECUTIVE BOARD MEMBERS:

Non-Executive Directors were being always evaluated by their own peer in the Board meetings during the year 2010-11, although there was no formal peer group review by the entire Board except the Directors concerned.

vii) WHISTLE BLOWER POLICY:

The Company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.

B. K. Birla | *Chairman*

K. G. Maheshwari

B. P. Bajoria

P. K. Choksey

Amitabha Ghosh

P. K. Mallik

Manjushree Khaitan

| *Directors*

Kolkata,
28th April, 2011

S. K. Patodia
Secretary

K. C. Jain
Whole-time Director



KESORAM INDUSTRIES LIMITED

DECLARATION

All the Board members and the Senior Management personnel have affirmed their compliance of the 'Code of Conduct for Members of the Board and Senior Management' for the period from 1st April, 2010 to 31st March, 2011 in terms of Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges.

Hyderabad,
8th April, 2011

(K. C. Jain)

Chief Executive Officer

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
Kesoram Industries Limited

We have examined the compliance of conditions of Corporate Governance by Kesoram Industries Limited, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse

Firm Registration No. 301112 E
Chartered Accountants

Prabal Sarkar

Partner

Membership No. 52340

Kolkata,
28th April, 2011



REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY STRUCTURE AND DEVELOPMENT

CEMENT

Indian Cement Industry continues to be the second largest Cement producer in the world with installed capacity of 275.01 Million Tons and producing world-class quality Cement from State-of-the Art technology manufacturing facilities.

The Indian Cement Industry had a growth of only 5% in the year under review as compared to 12% in previous year due to slowdown in the housings sector, prolonged monsoon and delay in execution of infrastructure projects.

Cement Industry achieved the capacity utilization of about 75% as against 85% last year. This has dropped mainly due to substantial addition of capacity during the last three years. Capacity utilization in the Southern Region (where both the cement plants of the Company are situated) saw the highest capacity additions in the last three years and average utilization of 65%.

TYRE

The Indian Tyre Industry is dominated by the organized sector and consists of five major players – MRF, J.K. Tyres, Apollo Tyres, Birla Tyres and Ceat Tyres, who together account for approximately 85% of the industry's turnover. These big five players are present in all product segments except for two wheeler where only Ceat, MRF and Birla Tyres are present. These companies have a presence in all the major segments of the tyre industry – the replacement market, original equipment manufacturers (OEMs) as well as export. Some of the global majors like Bridgestone and Goodyear also have their operations in India. However, they have relatively smaller sized operations today.

Quite unlike the global tyre industry, which is dominated by passenger car radial tyre sales, commercial vehicle tyres' sales constitute 65% of the turnover of the Indian tyre industry. Another point of difference between Indian and the global tyre industry is the extent of radialisation in the commercial vehicle segment. While globally it is around 80%. In India, radials in commercial vehicles hovers around 10-15% which till two years back was at around 5%. As original equipment manufacturers make a move towards embracing radial tyres for their commercial vehicles, radialisation in the truck segment is slowly gaining ground. Keeping these factors in view, radialisation levels in the commercial vehicle segment are expected to be anywhere between 25-30% in the next two years.

In anticipation of the next big radialisation wave, most manufacturers have either installed capacities or announced plans of doing the same, including Apollo, Birla, MRF, Bridgestone, J.K. Tyre and Michelin. Similarly, considering strong demand forecast in the passenger car segment, manufacturers across the board are making investments to maximize capacities.

The Indian Tyre Industry is equipped to meet the demand of the domestic market, besides generating surpluses for export.

RAYON & TRANSPARENT PAPER

The country has annual production capacity of about 40,000 tons of Viscose Filament Yarn and demand is estimated to be around 55,000 tons annually. The gap is met by imports. Hence there is scope of increasing indigenous production for which Indian industry is taking necessary steps for enhancing their production capacity. The boost in demand is due to high cost of imports and rising prices of competing yarn.



KESORAM INDUSTRIES LIMITED

Even the Section being only producer of Transparent Paper in the country, the demand is not increasing effectively. The high cost of production is making this product unviable in the long run. However the production & sales remained stable. The production was maintained according to the size of demand.

SPUN PIPES

The Industry witnessed good demand for Ductile Iron pipes during the year under review. Cast Iron pipes continue to face very stiff competition from Ductile Iron pipes. As the Section is under Suspension of Work since 2nd May 2008, no comments are made under the heads "Opportunities & Threats, Segment wise Performance, Outlook and Risks & Concerns".

HEAVY CHEMICALS

The capacity utilization of Indian Caustic Soda Industry improved to around 80% during the year due to improvement of demand. The demand for the main product Caustic Soda and joint product Chlorine improved during the 3rd quarter and peaked towards the end of the year as imports were lower due to unfavourable price in international market.

Capacity utilization of Sulphuric Acid Plant was normal despite inflow of by-product material from zinc and copper smelters.

As the Section is under suspension of work since 8th December, 2010, no comments are made under the heads Opportunities & Threats, Segment wise Performance, Outlook and Risk & Concerns.

B. OPPORTUNITIES AND THREATS

CEMENT

In order to meet future demand for Cement, Industry has taken up large scale addition in capacity during the last three years and further substantial capacity addition is planned during next two years.

Demand for Cement from sectors such as Roads, Railways, Power Projects is expected to improve as Centre is planning for massive investments during Twelfth Plan. Government has been increasing its budget allocation substantially in High-ways, Roads for Rural Connectivity, mass Housing and urban Developments, etc.

Non-availability of adequate good quality Coal as well as Railway Wagons for transportation are the main threats, considering the continuous increase in Cement Capacity.

TYRE

Opportunities

- The national thrust in road infrastructure and construction of expressways and national highways presents a range of opportunities for the tyre industry.
- Early mover advantage in the rapidly growing truck radial segment in India by Birla Tyres where most manufacturers will be adding substantial capacities in FY 2011-12.

Threats

- Continued volatility of raw material prices.
- Currency fluctuation

RAYON & TRANSPARENT PAPER

Due to increase in cost of inputs, China, the main competitor in India, also increased its export price of VFY. This led to lesser imports and gave an opportunity to Indian manufacturers to augment their realization and deliveries. However, steep increase in price is posing threats for substitution by cheaper fibres in certain segments.



KESORAM INDUSTRIES LIMITED

Price increase of T.P. due to steep increase in cost of inputs is posing biggest threat of diversion to cheap imports and other substitutes. The recent regulatory restrictions in usage of plastic may provide an opportunity for increased usage of Transparent Paper.

C. OUTLOOK

CEMENT

Even-though India is the second largest cement producer in the world, the per capita cement consumption is only 143 Kg. as against the world average of about 400 Kg. Hence, there is abundant scope for the growth of Cement Industry.

India has huge potential for cement consumption growth with major emphasis of the Government on infrastructure development and boost to housing sector etc.

TYRE

Fortune of tyre industry is linked to the automobile & transportation sectors. Future looks bright due to various economic fillips by the government, large infrastructure spending and a cautiously positive sentiment.

RAYON & TRANSPARENT PAPER

VFY demand should grow with increase in textile consumption in India and usage of VFY in various allied applications globally. Besides growth, market trends in China, prices of competing fibres & availability of pulp will largely govern VFY prices.

The outlook of the T.P. business remains positive in view of recent Government notification on the restricted use of plastics. However, the realization will be under pressure due to cheap imports.

D. RISKS AND CONCERNS

CEMENT

Cement Industry is heavily dependent on Coal for its fuel requirement. While Cement capacity is increasing continuously, the allotment of Coal linkages is decreasing. As a result, Cement Industry is depending heavily on the purchase of Coal from open market, e-auction and import of Coal at exorbitant price.

Outward movement of Cement and Inward movement of raw materials like Gypsum and Coal are affected due to erratic supply of wagons.

Though Cement is the most essential infrastructure input, the Tax on Cement is the highest among the items required for building infrastructure.

TYRE

The biggest risk is rising raw material prices specially natural rubber and crude oil prices.

RAYON & TRANSPARENT PAPER

Rising pulp prices remain a matter of concern for both VFY & T.P. business. The prices of other major inputs for VFY & T.P. production viz. coal, sulphur, caustic soda & employees cost have started rising and are likely to harden, which should push up manufacturing costs leading to a reduction in margins from current level. This is also a subject of concern for this Unit.

E. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control in all areas of its operation through internal and external auditors. The system ensures that all transactions are authorized, recorded and reported correctly. The systems and procedures are reviewed continuously to ensure timely preparation of financial information and safeguarding the assets of the Company.



KESORAM INDUSTRIES LIMITED

F. MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Industrial relations have been cordial during the year under review except Spun Pipes Section and Hindusthan Heavy Chemicals Section where the factories are under suspension of work since 2nd May, 2008 and 8th December, 2010 respectively. All safety measures of workers and staff members, their training and welfare get high priority at all levels.

G. The Company as a whole had 14,602 persons on its rolls as on 31.3.2011.

H. CAUTION STATEMENT

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations.

Thus, the Company should and need not be held responsible, if, which is not unlikely, the future turns out to be something quite different. Subject to this management disclaimer, this discussion and analysis should be perused.

B. K. Birla | *Chairman*

K. G. Maheshwari

B. P. Bajoria

P. K. Choksey

Amitabha Ghosh

P. K. Mallik

Manjushree Khaitan

Directors

Kolkata,
28th April, 2011

S. K. Patodia
Secretary

K. C. Jain
Whole-time Director



Particulars of employees under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31.03.2011.

a) Employed through-out the financial year under review and were in receipt of remuneration for the financial year in aggregate of not less than Rs.60,00,000

Sl. No.	Name	Designation	Nature of Duties	Gross remuneration (Rs.)	Age (Years)	Qualification(s)	Date of Commencement of employment	Experience (No. of Years)	Last employment held Name of the Company	Designation
1	Shri D. Tandon	Whole-time Director, Sr.President (Tyre Sections)	Management and overall In-Charge	98,40,676	52	B.Com (Hons.), F.C.A.	22.02.1991	28	Century Pulp & Paper	Commercial Manager
2	Shri J. P. Bohra	Sr.Jt. President (Rayon & T.P. Sections)	In-charge of Commercial Activities & Administration	73,97,300	62	B.Com. (Hons), F.C.A.	26.12.1973	37	S.R.Batilboi & Co.	Officer
3	Shri K. C. Jain	Manager of the Company & Sr. President (Cement Sections)	Management and overall In-charge.	95,45,010	72	B.Com., F.C.A.	19.02.1966	47	Singhi & Co.	Officer

b) Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs. 5,00,000 per month

Sl. No.	Name	Designation	Nature of Duties	Gross remuneration (Rs.)	Age (Years)	Qualification(s)	Date of Commencement of employment	Experience (No. of Years)	Last employment held
NIL									



KESORAM INDUSTRIES LIMITED

Notes:

1. All appointments are contractual.
2. Remuneration received includes salary and other allowances, bonus/ex-gratia, rent paid, electricity charges paid, medical reimbursements, leave travel concession, encashment of leave, Company's contribution to provident fund, gratuity fund and superannuation fund, premium for accident policy, club fees and the monetary value of perquisites with regard to accommodation and furniture calculated in accordance with the provisions of Income Tax Act, 1961 and the rules made thereunder.
3. None of the above employees is a relative of any director of the Company except Shri D. Tandon being Whole-time Director, since resigned w.e.f. 15.04.2011.
4. There is no employee in the Company within the meaning of sub-Clause (iii) of clause (a) of Sub-Section (2A) of Section 217 of the Companies Act, 1956.
5. Other terms and conditions of employment include the transfer of duties in any section of the Company.

B. K. Birla	<i>Chairman</i>
K. G. Maheshwari	<i>Directors</i>
B. P. Bajoria	
P. K. Choksey	
Amitabha Ghosh	
P. K. Mallik	<i>Whole-time Director</i>
Manjushree Khaitan	

S. K. Patodia
Secretary

Kolkata,
28th April, 2011



INFORMATION AS REQUIRED UNDER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN RESPECT OF BOARD OF DIRECTORS) RULES, 1988

I. CONSERVATION OF ENERGY:

(A) Energy conservation measures taken:

Installed variable frequency drives on cooling towers and mist condensers in evaporators. *(Rayon & T.P. Sections)*. Installed Roller Press and HR-Separator for Cement Mill-I, XRD and XRF for quality control, curing water tank for temperature control for mould testings in laboratory, Coal integration from Line-4 to Line-1 to reduce down time, Pre-heating System for the Kiln Burner Pipe at Line-3 & Line-4. Reduced the number of Raw Meal silo aeration blowers from three to two at Line-3 & 4 and rerouting of material collected at Bag House of Cement Mill-4 to Cement Silo leading to increase of mill production. *(Vasavadatta Cement Section)*. Installed latest energy efficient Cooler by replacing the existing Kiln-2 Cooler. Reduction of pressure drop of Kiln-2 pre-heater by 100 mm and Kiln-1 "C" line number 2 cyclone by 50 mm and the fugitive dust emission in Cement Mill and coal crusher. *(Kesoram Cement Section)*. Installed variable frequency drives in various cooling water pumps. Condensate recovered from curing process of Motor Cycle plant, chilled water supply made auto On/Off with line running feedback in Dual Extruders. Chilled water return taken from plant equipment through over head return line in close loop. Suction line increased of all utility pumps. Condensate recovered from tube plant equipment. L.P. air used in place of M.P. air for fluidization in Banbury and idle running of main motor stopped by interlocking with batch loading. *(Tyre Sections)*.

(B) Additional investment proposals, if any, being implemented for reduction of consumption of energy:

Installation of Hydraulic System for washing carriers to save compressed air, Homogenizers for dissolvers and Cables in place of bus-bars in CS2 furnace. *(Rayon & T.P. Sections)*. Installation of Hot Disk at Line-3 Preheater, P-Fister pump for coal dosing at Line-2, Roto Scale for Line-1 Kiln feed, replacement of Cooler at Line-1&2, ESP at Line 1&2 with RABH, ESP of Cement Mill-1&2 with Bag House. Utilization of Hazard Waste for coal firing and carbon firing in pre-heater to reduce coal consumption. *(Vasavadatta Cement Section)*. Installation of high efficiency fan, high efficiency cyclones in Cement Mill-3, energy efficient compressors and conservation of coal by utilizing the hazardous waste. *(Kesoram Cement Section)*. Installation of high pressure pumps for oil and alternator cooling system in TG, low pressure pump for de-super heater in TG, VFD in crackers mills, high pressure and high flow pumps for boiler feed water, M.P. air 5 Kg/cm² in place of 7 Kg/cm² in plant equipment except in Banbury & tyre building machines. Recovering hot water from curing presses. *(Tyre Sections)*.

(C) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

Reduction in consumption of coal and electricity per unit of production in general was witnessed.

(D) Total energy consumption and energy consumption per unit of production as per Form "A" of the Annexure in respect of industries specified in the Schedule thereto.

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

(A) Power and Fuel Consumption		Current Year	Previous Year
(1) Electricity			
(a) Purchased Units (in lacs)		1,419.95	1,493.53
Total Amount (Rs. in lacs)		6,899.40	6,291.68
Rate/Unit (Rs.)		4.86	4.21



KESORAM INDUSTRIES LIMITED

			Current Year	Previous Year	
(b)	Own Generation				
(i)	Through Diesel Generator				
	Units (in lacs)		107.21	36.77	
	Units per Ltr. of diesel oil		3.54	3.13	
	Cost/Unit (Rs.)		9.41	9.41	
(ii)	Through Steam Turbine/Generator				
	Units (in lacs)		7,160.01	7,304.93	
	Unit per Kg. of Coal		1.01	1.01	
	Cost/Unit (Rs.)		2.95	2.64	
(2)	Coal (Grade B, C, D, E, F steam/slack, ROM, Lignite and Grade-A steam Coal used in Boiler Houses, calcining of raw meals, firing of Kiln and gas plant)				
	Quantity (MT)		17,16,183	18,43,175	
	Total Cost (Rs. in lacs)		58,109.49	55,527.46	
	Average Rate/MT (Rs.)		3,385.97	3,012.60	
(3)	Furnace Oil				
	Quantity (K.Ltrs.)		3,016.09	396.85	
	Total Cost (Rs. in lacs)		926.78	120.76	
	Average Rate/Ltr. (Rs.)		30.73	30.43	
(4)	Others				
i)	HSD Oil				
	Quantity (K.Ltrs.)		291.72	359.31	
	Total Cost (Rs. in lacs)		103.38	112.94	
	Rate/Ltr. (Rs.)		35.44	31.43	
ii)	Gas				
	Quantity (MT)		2,559.37	2,090.84	
	Total Cost (Rs. in lacs)		1,291.73	900.16	
	Rate/Ltr. (Rs.)		50.47	43.05	
iii)	Diesel Oil				
	Quantity (K.Ltrs.)		3,000.78	1,151.20	
	Total Cost (Rs. in lacs)		996.55	335.60	
	Rate/Ltr. (Rs.)		33.21	29.15	
(B)	Consumption per Unit of Production	Production Unit	Standards if any	Current Year	Previous Year
1.	Electricity (kwh)				
	Vis. Filament Rayon Yarn	M.T.	-	4,188	4,168 (b)
	Transparent Paper (Cellulose Film)	M.T.	-	2,167	2,155 (c)
	Sulphuric Acid	M.T.	-	40	39 (c)



KESORAM INDUSTRIES LIMITED

	Production Unit	Standards if any	Current Year	Previous Year
Caustic Soda	M.T.	-	3,903	3,747 (b)
Purified Hydrogen Gas	M3	-	.42	.40 (b)
Sodium Hypochloride	M.T.	-	45	38 (b)
Carbon-di-Sulphide	M.T.	-	1,071	1065 (b)
Sodium Sulphate	M.T.	-	97	91 (b)
Sodium Sulphide	M.T.	-	285	285
Cement	M.T.	-	79	77 (b)
Tyres, Tubes & Flaps	M.T.	-	1,180	1,096 (f)
2. Coal				
Vis. Filament Rayon Yarn	M.T.	-	3.95	3.75 (c)
Transparent Paper (Cellulose Film)	M.T.	-	6.94	6.69 (d)
Carbon-di-Sulphide	M.T.	-	0.35	0.33 (c)
Sodium Sulphate	M.T.	-	0.45	0.35 (b)
Cement	M.T.	-	0.15	0.15
Tyres, Tubes & Flaps	M.T.	-	0.97	1.09 (a)
3. Furnace Oil				
Tyres, Tubes & Flaps	K.L.	-	0.016	0.004 (e)
4. Others				
i) HSD Oil				
Cement	L.	-	-	0.074
ii) Gas				
Tyres, Tubes & Flaps	M.T.	-	0.014	0.0114 (c)
Reasons of variation:				
(a) energy conservation measures taken.				
(b) lower production.				
(c) difference considered normal.				
(d) inferior quality of coal.				
(e) lesser use.				
(f) due to variety in product mix.				

N.B. : 1. Form 'A' not applicable to Spun Pipes Section.

2. Previous year's figures have been re-arranged where necessary.

II. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per Form 'B' of the Annexure.



KESORAM INDUSTRIES LIMITED

FORM 'B'

1. Research & Development (R&D)

- | | |
|---|---|
| <p>(a) Specific areas in which R&D carried out</p> | <p>Trial of various process chemicals in aftertreatment and travers angles in coning machine. <i>(Rayon & T. P. Sections)</i>.</p> <p>Study of suction duct of cooler fans of Unit-3&4 to eliminate pressure drop at the silencers. Providing HR-Separator venting to Mill inlet so that the HR venting Bag filter can be eliminated. Hammer life of lime stone crusher increased to 50 Lac tons of crushing against 17 lac tons of crushing by changing the material composition of hammers. <i>(Vasavadatta Cement Section)</i>. R&D team continued to work for improving the quality and productivity with special attention on energy conservation. <i>(Cement Sections)</i>. Development of Motor Cycle Tyres, Truck Radial and OTR Tyres. <i>(Tyre Sections)</i>.</p> |
| <p>(b) Benefits derived as a result of above R&D</p> | <p>Improvement in pH of final yarn & elimination of top edge broken filament in cones. <i>(Rayon & T.P. Sections)</i>. Improvement in quality and productivity. <i>(Cement Sections)</i>. New range of products developed for both domestic & export markets. <i>(Tyre Sections)</i>.</p> |
| <p>(c) Future Plan of Action</p> | <p>Development of Cake inserts and Trial of spin finish chemicals. <i>(Rayon & T.P. Sections)</i>. Installation of Waste Heat Recovery System and utilization of alternative fuel for Kilns. <i>(Vasavadatta Cement Section)</i>. Introduction of variety in the range of products to cope with the ever changing market requirement. <i>(Tyre Sections)</i>.</p> |
| <p>d) Expenditure on R&D</p> | |
| <p>(i) Capital</p> | - Nil |
| <p>(ii) Recurring</p> | - Nil |
| <p>(iii) Total</p> | - Nil |
| <p>(iv) Total R&D expenditure as a percentage of total turnover</p> | <p>No separate allocation in the Company. However, the Company paid a cess @ Re.0.75 per tonne of cement despatched to the Development Commissioner for Cement Industry, Government of India, who in turn assists financially to National Council of Cement & Building Materials to carry out Research & Development Programmes in the interest of the Cement Industry. During the year 2010-11 the Company paid Rs.40.78 lacs to the said authority. <i>(Cement Sections)</i>.</p> |

2. Technology Absorption, Adaptation and Innovation

- | | |
|---|---|
| <p>(a) Efforts, in brief, made towards technology absorption, adaptation and innovation</p> | <p>Removal of clutch break system in Guillotine machine, Spray type cooling towers and manufacturing of Graphite heat Exchanger. <i>(Rayon & T.P. Sections)</i></p> |
|---|---|



KESORAM INDUSTRIES LIMITED

- (b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year), following information may be furnished :

- (i) Technology imported
(ii) Year of import
(iii) Has technology been fully absorbed ?

Employees are being regularly deputed for attending seminars and workshops on R&D studies to keep them updated of the latest technological developments. *(Cement Sections)*. Technology imported from M/s.Pirelli & Co. has been fully adopted to. *(Tyre Sections)*.

Improvement in safety, energy conservation and competence building. *(Rayon & T.P. Sections)*. Reduction in power consumption, improvement in quality & optimum capacity utilization. *(Cement Sections)*

Not Applicable.

III. FOREIGN EXCHANGE EARNINGS & OUTGO :

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and export plans.

Explored new export market of VFY in Italy and Tunisia in addition to the existing countries. Increased export of VFY by about 46% and TP by 11% due to aggressive marketing. Efforts are on to increase export by exploring new markets. *(Rayon & T.P. Sections)*. Exports were made to 29 countries during the year and efforts are being made to increase volume of exports by exploring new markets to earn more foreign exchange. *(Tyre Sections)*.

2. Total Foreign Exchange used and earned -
Used
Earned (on F.O.B. realisation basis)

Rs. 1047.71 crore
Rs. 339.32 crore

B. K. Birla | *Chairman*

K. G. Maheshwari

B. P. Bajoria

P. K. Choksey

Amitabha Ghosh

P. K. Mallik

Manjushree Khaitan

Directors

Kolkata,
28th April, 2011

S. K. Patodia
Secretary

K. C. Jain
Whole-time Director



KESORAM INDUSTRIES LIMITED

SUMMARISED BALANCE SHEET

FOR THE LAST FIVE YEARS

(Rupees in Crore)

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
A. ASSETS OWNED BY THE COMPANY					
1. Net Fixed Assets					
Gross Fixed Assets	5,478.69	4,926.99	3,582.42	2530.04	1,827.12
Less: Total Depreciation	1,349.16	1,082.34	913.22	811.20	721.93
	4,129.53	3,844.65	2,669.20	1,718.84	1,105.19
2. Investments	65.82	51.43	61.78	47.83	28.87
3. Inventories	1,118.55	916.19	589.06	442.17	376.88
4. Sundry Debtors	631.34	542.89	380.17	273.07	245.95
5. All other Current Assets	508.24	398.05	292.46	491.01	245.28
Total Assets	6453.48	5,753.21	3,992.67	2,972.92	2,002.17
B. (i) DUES TO BE PAID BY THE COMPANY					
1. Secured Loans	2,371.83	1,863.72	1,536.27	971.06	643.20
2. Unsecured Loans and Deposits	1,627.44	1,477.20	605.65	243.75	229.60
3. Other Liabilities	752.60	528.62	363.11	303.03	226.83
4. Provisions	14.94	14.99	31.39	330.39	135.70
5. Deferred Tax Liabilities (Net)	386.42	328.44	126.15	142.77	112.41
	5,153.23	4,212.97	2,662.57	1,991.00	1,347.74
(ii) THEREFORE, COMPANY'S NET WORTH REPRESENTED BY					
1. Ordinary Share Capital	45.74	45.74	45.74	45.74	45.74
2. Reserves & Surplus	1,254.51	1,494.50	1,284.36	936.18	608.69
	1,300.25	1,540.24	1,330.10	981.92	654.43

Figures for the previous year has been regrouped/rearranged where considered necessary.



KESORAM INDUSTRIES LIMITED

SUMMARISED PROFIT & LOSS ACCOUNT

FOR THE LAST FIVE YEARS

(Rupees in Crore)

	2010-11	2009-10	2008-09	2007-08	2006-07
RECEIPTS					
1. Sales (including Excise Duty)	5,750.72	5,020.63	4,292.07	3,440.32	2,516.46
2. Other Income	155.29	124.69	67.92	36.90	45.45
3. Increase/(Decrease) in Stock	164.12	173.07	87.96	40.88	15.07
Total Receipts	6,070.13	5,318.39	4,447.95	3,518.10	2,576.98
EXPENDITURES					
1. Raw Materials and other purchases	3,157.45	2,405.30	1,741.47	1,146.62	936.06
2. Stores and Power	797.46	729.76	641.25	473.42	288.63
3. Salary, Wages and other Amenities	273.55	225.29	180.21	153.24	128.60
4. Excise Duty	351.82	299.97	409.64	454.29	307.49
5. Sales Expenses	782.54	649.91	554.56	450.19	372.52
6. Manufacturing and other Miscellaneous Expenses	353.57	256.87	286.98	146.43	113.68
7. Interest (Net)	233.50	103.00	112.85	52.11	29.91
Total Expenses	5,949.89	4,670.10	3,926.96	2,876.30	2,176.89
GROSS PROFIT	120.24	648.29	520.99	641.80	400.09
	120.24	648.29	520.99	641.80	400.09
APPROPRIATIONS/TRANSFERS					
1. Depreciation (Net)	272.59	172.80	111.87	89.27	58.31
2. Provision for Taxation	0.00	36.00	45.00	165.00	75.00
3. Provision for Deferred Tax	57.98	202.29	(16.62)	2.81	—
4. Provision for Fringe Benefit Tax	(0.12)	(0.13)	2.00	1.37	1.10
5. Transfer to Debenture Redemption Reserve	(61.25)	101.25	25.00	—	—
6. Interim Dividend (with Distribution Tax thereon)	12.00	12.03	12.04	—	—
7. Proposed Dividend (with Distribution Tax thereon)	17.28	17.34	17.40	29.43	20.86
8. Reserves	0.00	24.00	44.78	40.00	30.00
9. Surplus/(Deficit)	(178.24)	82.71	279.52	313.92	214.82
	120.24	648.29	520.99	641.80	400.09

Figures for the previous year has been regrouped/rearranged where considered necessary.



AUDITORS' REPORT

TO THE MEMBERS OF KESORAM INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Kesoram Industries Limited (the "Company") as at 31st March, 2011 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of "The Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;



KESORAM INDUSTRIES LIMITED

AUDITORS' REPORT (*Contd.*)

- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata
28th April, 2011

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number 52340



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Kesoram Industries Limited on the financial statements for the year ended 31st March, 2011

1. (a) The Company is maintaining proper records showing full particulars (other than details regarding revaluations made during 1982-83) including quantitative details and situation of its fixed assets.
(b) The fixed assets of the company are physically verified by the management according to phased programmes designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such programmes [without any coverage for items of Company's Spun Pipes & Foundries Unit (which is under suspension of work effective 2nd May, 2008 having year-end book value of Rs.3,69,80,427)], a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) in our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventories [excluding stocks with third parties and pertaining to the aforesaid Spun Pipes & Foundries Unit (Year-end book value Rs. 98,23,767)] have been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of physical verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventories other than work-in-process. As in earlier years, work-in-process has been determined by the Management on the basis of physical verification as mentioned in paragraph 2 (a) above. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken during the year any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with size of the Company and the nature of its business for the purchase of inventory, fixed assets. The Company needs to improve its internal control system for sale of its tyre and cement necessitated from certain deficiencies in relation to Information Technology General Control. The Company has not provided any service during the year. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time other than transactions of special nature for which competitive quotations are not available.



KESORAM INDUSTRIES LIMITED

ANNEXURE TO AUDITORS' REPORT (Contd.)

6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products at its Cement, Tyre, Rayon and Chemicals Units where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund (other than arrears of Rs. 15,085 outstanding for a period of more than six months as on 31st March, 2011), investor education and protection fund, employee's state insurance (other than arrears of Rs. 14,180 outstanding for a period of more than six months as on 31st March, 2011), income tax, sales tax (other than arrears of Rs. 23,48,352 outstanding for a period of more than six months as on 31st March, 2011), wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at 31st March, 2011 which have not been deposited on account of a dispute (there being no such cases with regard to wealth tax, customs duty and cess), are as follows –

Name of Statute	Nature of Dues	Amount	Period to which the Amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	15,87,74,831	2003-04, 2005-06, 2008-09	Commissioner (Appeal)
Central Sales Tax Act, 1956	Sales Tax	16,99,42,317	2000-01 to 2002-03	Supreme Court
		4,65,12,981	2003-04	Karnataka High Court
		2,85,22,915	2001-02, 2003-04, 2006-07	Orissa High Court
		5,69,59,589	1995-96, 2004-05 to 2006-07	West Bengal Commercial Taxes Appellate and Revision Board
		7,17,763	2002-03	Tribunal
		59,373	2007-08	Sr. Jt. Commissioner (Appellate Authority)
		5,14,233	2005-06	Commissioner
		77,37,025	1999-00, 2003-04, 2007-08	Additional Commissioner



KESORAM INDUSTRIES LIMITED

ANNEXURE TO AUDITORS' REPORT (Contd.)

Name of Statute	Nature of Dues	Amount	Period to which the Amount relates	Forum where dispute is pending
		18,11,400	1997-98, 2001-02, 2004-05	Deputy Commissioner
		57,90,166	1991-92 to 1998-99, 2001-02, 2004-05	Assistant Commissioner
West Bengal Sales Tax Act, 1994	Sales Tax	1,59,11,422	1987-88, 1995-96, 2003-04, 2004-05	West Bengal Commercial Taxes Appellate and Revision Board
		5,72,943	1999-00	Additional Commissioner
		2,77,38,852	1995-96, 1997-98, 1998-99, 2001-02, 2004-05	Deputy Commissioner
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	38,44,646	2001-02	Tribunal
Delhi Sales Tax Act, 1975	Sales Tax	41,70,263	1999-00	Additional Commissioner
Jammu & Kashmir Sales Tax Act, 1962	Sales Tax	9,90,252	1999-00	Deputy Commissioner
Bombay Sales Tax Act, 1959	Sales Tax	71,31,347	2002-03 to 2004-05	Deputy Commissioner (Appeal)
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	18,07,934	1999-00	Chennai High Court
UP Trade Tax Act, 1948	Sales Tax	8,88,138	2005-06, 2006-07	Additional Commissioner
Central Excise Act, 1944	Excise Duty	1,72,232	1993-94, 1994-95	Calcutta High Court
		31,91,14,267	2003-04 to 2008-09	Central Excise Service Tax Appellate Tribunal
		35,92,13,921	1985-86 to 1989-90, 1994-95, 1995-96, 1997-98, 1999-00 to 2004-05, 2009-10	Commissioner
		19,43,327	2003-04	Deputy Commissioner
		27,56,665	1979-80 to 1982-83, 1994-95 to 1996-97, 2002-03 to 2004-05, 2006-07, 2007-08	Assistant Commissioner
Finance Act, 1944	Service Tax	46,31,961	March 2008 to April 2009	Commissioner (Appeal)



KESORAM INDUSTRIES LIMITED

ANNEXURE TO AUDITORS' REPORT (*Contd.*)

10. The Company has no accumulated losses as at 31st March, 2011 and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of special statute applicable to Chit fund/Nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has created security or charge in respect of debentures issued and outstanding at the year-end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership Number 52340

Kolkata
28th April, 2011



KESORAM INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	Rs.	31 st March, 2011 Rs.	31 st March, 2010 Rs.
I. SOURCES OF FUNDS				
(1) SHAREHOLDERS' FUNDS				
(a) Capital	1	45,74,16,395		45,74,16,395
(b) Reserves and Surplus	2	12,54,50,91,386		14,94,49,93,646
			13,00,25,07,781	15,40,24,10,041
(2) LOAN FUNDS				
(a) Secured Loans	3	23,71,83,16,311		18,63,71,52,800
(b) Unsecured Loans	4	16,27,44,48,063		14,77,20,35,851
			39,99,27,64,374	33,40,91,88,651
DEFERRED TAX LIABILITY (NET)				
[Note 6 on Schedule 17]			3,86,42,33,721	3,28,43,82,864
			56,85,95,05,876	52,09,59,81,556
II. APPLICATION OF FUNDS				
(1) FIXED ASSETS	5			
(a) Gross Block		50,40,88,39,790		45,14,16,04,666
(b) Less: Accumulated Depreciation		13,49,16,43,916		10,82,33,98,332
(c) Net Block		36,91,71,95,874		34,31,82,06,334
(d) Capital Work-in-Progress		4,37,81,32,455		4,12,83,32,523
			41,29,53,28,329	38,44,65,38,857
(2) INVESTMENTS	6		65,81,54,156	51,43,36,876
(3) CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	7	11,18,54,84,447		9,16,19,41,383
(b) Sundry Debtors	8	6,31,34,28,861		5,42,88,86,145
(c) Cash and Bank Balances	9	73,64,43,833		80,44,88,277
(d) Other Current Assets	10	31,88,99,429		30,13,37,962
(e) Loans and Advances	11	4,02,71,47,040		2,87,46,21,844
		22,58,14,03,610		18,57,12,75,611
Less: CURRENT LIABILITIES AND PROVISIONS	12			
(a) Current Liabilities		7,52,59,58,374		5,28,62,44,550
(b) Provisions		14,94,21,845		14,99,25,238
		7,67,53,80,219		5,43,61,69,788
Net Current Assets			14,90,60,23,391	13,13,51,05,823
			56,85,95,05,876	52,09,59,81,556

Notes on the Accounts

17

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

B. K. Birla | *Chairman*

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants

(Prabal Kr. Sarkar)
Partner

Membership No. 52340

K. C. Jain
Whole-time Director

S. K. Patodia
Secretary

K. G. Maheshwari
B. P. Bajoria
P. K. Choksey
Amitabha Ghosh
P. K. Mallik
Manjushree Khaitan

Directors

Kolkata,
28th April, 2011



KESORAM INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Rs.	2010-2011 Rs.	2009-2010 Rs.
INCOME				
Sales		57,50,72,04,122		50,20,63,31,903
Less: Excise Duty		<u>3,52,84,36,647</u>		<u>2,89,97,85,846</u>
Net Sales			53,97,87,67,475	47,30,65,46,057
Other Income	13		<u>1,61,62,39,811</u>	<u>1,30,71,50,307</u>
			<u>55,59,50,07,286</u>	<u>48,61,36,96,364</u>
EXPENDITURE				
Raw Materials and Finished Goods	14		29,93,33,06,296	22,32,23,47,484
Manufacturing, Selling and Administrative Expenses	15		22,06,10,26,735	18,71,80,89,368
Depreciation		2,73,09,23,021		1,73,53,16,026
Less: Transfer from Capital Reserve- Revaluation of Fixed Assets		<u>50,60,133</u>		<u>73,12,588</u>
[Note 1(b) (iv) on Schedule 17]			2,72,58,62,888	1,72,80,03,438
Interest	16		<u>2,39,82,56,794</u>	<u>1,09,03,12,626</u>
			<u>57,11,84,52,713</u>	<u>43,85,87,52,916</u>
PROFIT/(LOSS) BEFORE TAXATION			(1,52,34,45,427)	4,75,49,43,448
Provision for Current Taxation			—	36,00,00,000
Provision for Deferred Tax [Note 6 on Schedule 17]			57,98,50,857	2,02,29,07,529
Excess provision for Fringe Benefit Tax in respect of earlier years written back			<u>-11,72,545</u>	<u>-13,38,258</u>
PROFIT/(LOSS) AFTER TAXATION			(2,10,21,23,739)	2,37,33,74,177
Transfer to/(from) Debenture Redemption Reserve (Net)			<u>-61,25,00,000</u>	<u>1,01,25,00,000</u>
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION			(1,48,96,23,739)	1,36,08,74,177
APPROPRIATIONS				
Proposed Dividend		14,86,65,784		14,86,65,784
Tax on Proposed Dividend		2,41,17,307		2,46,91,900
Interim Dividend		10,29,22,466		10,29,22,466
Tax on Interim Dividend		1,70,94,135		1,74,91,673
General Reserve		<u>—</u>		<u>24,00,00,000</u>
			<u>29,27,99,692</u>	<u>53,37,71,823</u>
Balance carried to Schedule 2			<u>(1,78,24,23,431)</u>	<u>82,71,02,354</u>
Earnings per Share (Basic and Diluted) [Note 21 on Schedule 17]			(45.95)	51.88

Notes on the Accounts

17

The Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit & Loss Account referred to in our report of even date.

B. K. Birla | *Chairman*

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants

(Prabal Kr. Sarkar)
Partner

Membership No. 52340

K. C. Jain
Whole-time Director

S. K. Patodia
Secretary

K. G. Maheshwari
B. P. Bajoria
P. K. Choksey
Amitabha Ghosh
P. K. Mallik
Manjushree Khaitan

Directors

Kolkata,
28th April, 2011



KESORAM INDUSTRIES LIMITED

SCHEDULE 1

CAPITAL

AUTHORISED

50,00,000	Redeemable Cumulative Preference Shares of Rs. 100 each
4,00,000	Redeemable Cumulative Second Preference Shares of Rs. 100 each
6,60,00,000	Ordinary Shares of Rs. 10 each

31st March, 2011
Rs

50,00,00,000
4,00,00,000
66,00,00,000
1,20,00,00,000

31st March, 2010
Rs

50,00,00,000
4,00,00,000
66,00,00,000
1,20,00,00,000

ISSUED, SUBSCRIBED AND PAID-UP

4,57,43,318 Ordinary Shares of Rs. 10 each fully paid up

45,74,33,180

45,74,33,180

Of the above :-

5,75,435	shares of Rs. 10 each allotted as fully paid up without payment being received in cash pursuant to a scheme of amalgamation
59,49,480	shares of Rs. 10 each allotted as fully paid up bonus shares by way of capitalisation of Reserve
4,00,000	shares of Rs. 10 each - Rs. 3.75 per share received in cash and balance credited as bonus by way of capitalisation of Reserve

Less: Allotment Money receivable

16,785

16,785

45,74,16,395

45,74,16,395

SCHEDULE 2

RESERVES AND SURPLUS

	Balance as at 31 st March, 2010 Rs.	Additions Rs.	Deductions Rs.	Balance as at 31 st March, 2011 Rs.
CAPITAL RESERVES				
Revaluation of Fixed Assets	3,38,91,482	—	49,78,829 (a)	2,89,12,653
Development Grant/Subsidy	40,60,625	—	—	40,60,625
Amalgamation Reserve	2,91,13,990	—	—	2,91,13,990
CAPITAL REDEMPTION RESERVE	3,58,81,176	—	—	3,58,81,176
DEBENTURE REDEMPTION RESERVE	1,26,25,00,000	25,00,00,000	86,25,00,000	65,00,00,000
SHARE BUY BACK RESERVE	7,00,73,060	—	—	7,00,73,060
REVENUE RESERVES				
General	2,24,00,00,000	—	—	2,24,00,00,000
Doubtful Debts & Contingencies	20,00,000	—	—	20,00,000
	3,67,75,20,333	25,00,00,000	86,74,78,829	3,06,00,41,504
Profit and Loss Account	11,26,74,73,313	-1,78,24,23,431	—	9,48,50,49,882
	14,94,49,93,646			12,54,50,91,386

(a) Comprising -

(i) Additional depreciation charge on revalued fixed assets transferred to Profit and Loss Account [Note 1(b) (iv) on Schedule 17]

50,60,133

(ii) Adjustment relating to fixed assets withdrawn & others

-81,304

49,78,829



KESORAM INDUSTRIES LIMITED

SCHEDULE 3 SECURED LOANS

Nature of Loans		Nature of Security	31 st March, 2011 Rs.	31 st March, 2010 Rs.
I.	7.30% Redeemable Non Convertible Debentures [Note 17.1 on Schedule 17]	Hypothecation/mortgage on all the present and future movable (save and except book debts)/immovable properties (including mortgage to be created on immovable properties at Uttarakhand of Company's Tyre Unit) of all units of the Company on pari passu basis with other lenders.	—	1,00,00,00,000
II.	Term Loans from - State Bank of India	Hypothecation/mortgage charge over all the immovable and movable properties (including charge to be created on properties at Uttarakhand of Company's Tyre Unit) both present and future of all the units of the Company ranking pari passu with the existing charges save and except assets exclusively charged to other for specific loans.	71,36,62,400	2,14,28,91,200
	- State Bank of India	Hypothecation/mortgage over all the movable/ immovable assets of the Company both present and future of all the Units of the Company ranking pari passu with the existing charges save and except assets exclusively charged to others for specific loans.	99,97,93,371	1,99,97,93,371
	Interest accrued and due		1,04,43,468	1,78,33,774
	- ICICI Bank Ltd.	First pari passu charge on both present and future movable fixed assets of Cement expansion project at Vasavadatta Cement Unit by way of hypothecation and first pari passu charge of mortgage over both present and future immovable fixed assets of Vasavadatta Cement Unit of the Company.	2,56,96,25,206	2,85,51,25,000
	- Standard Chartered Bank	First pari passu charge by way of hypothecation over all movable assets, both present and future of the Company and first pari passu charge by way of mortgage over all immovable properties both present and future, of all the Units of the Company.	55,62,00,000	92,98,00,000
	- Standard Chartered Bank	First pari passu charge by way of hypothecation/ mortgage over all movable/immovable properties both present and future, of all units of the Company.	89,23,02,189	67,11,56,517
	- HSBC Bank Ltd.	First pari passu charge by way of hypothecation over the movable assets (both present and future) and immovable assets of the Tyre Unit at Uttarakhand.	95,20,47,556	45,11,57,547
		Carried over	6,69,40,74,190	10,06,77,57,409



KESORAM INDUSTRIES LIMITED

SCHEDULE 3 (Contd..)

SECURED LOANS

Nature of Loans	Nature of Security	31 st March, 2011 Rs.	31 st March, 2010 Rs.
	Brought forward	6,69,40,74,190	10,06,77,57,409
- State Bank of India	First pari passu charge to be created with other lenders on existing and future fixed assets of the Company including equitable mortgage on land and building.	4,62,44,325	1,22,49,02,193
- Yes Bank Ltd.	First pari passu charge on all movable fixed assets of Tyre Unit at Uttarakhand and on all immovable assets of all units of the Company except on Vasavadatta Cement.	27,84,37,500	28,06,25,000
- State Bank of India	Hypothecation/mortgage over all the movable and immovable assets (including mortgage on all immovable assets of all the Units of the Company except Tyre Unit to be created) both present and future of all the Units of the Company ranking pari passu with the existing charges save and except exclusively charged to others for specific loans.	54,88,87,513	1,09,84,87,513
Interest accrued and due		45,43,911	1,00,27,876
- Bank of Baroda	First pari passu charge on all movable and immovable fixed assets of the Company and second charge on current asset of the Company to be created (since created on April 12, 2011).	2,00,00,00,000	—
Interest accrued & due		30,77,739	—
- Punjab National Bank	First pari passu charge to be created on entire block of assets except fixed asset of Kesoram Spun Pipes & Foundries and Hindusthan Heavy Chemicals units of the Company and Second pari passu charge to be created on current asset of the Company except current asset of Kesoram Spun Pipes & Foundries and Hindusthan Heavy Chemicals units of the Company.	1,00,00,00,000	—
Interest accrued & due		9,45,205	—
- IndusInd Bank Ltd.	Pari passu charge to be created on the fixed assets of the Company.	1,00,00,00,000	1,00,00,00,000
Interest accrued & due		—	1,78,082
- DBS Bank Ltd.	Pari passu first mortgage created on all immovable assets (charge to be created on all units of the Company except Tyre Unit at Uttarakhand) and pari passu first hypothecation to be created on all movable fixed assets of the company.	96,32,00,000	96,32,00,000
	Carried over	12,53,94,10,383	14,64,51,78,073



KESORAM INDUSTRIES LIMITED

SCHEDULE 3 (Contd.)

SECURED LOANS

Nature of Loans	Nature of Security	31 st March, 2011 Rs.	31 st March, 2010 Rs.
	Brought forward	12,53,94,10,383	14,64,51,78,073
- State Bank of India	Hypothecation/Mortgage by way of first pari passu charge on movable and immovable fixed asset of Tyre Unit at Uttarakhand and Balasore (charge on immovable fixed asset to be created) and second pari passu charge on entire current asset of the Company.	6,00,00,00,000	—
Interest accrued & due		5,22,32,877	—
- State Bank of India	First mortgage/charge on all the fixed assets (including mortgage on all movable fixed asset of all the Units of the Company and hypothecation of immovable assets of Tyre Unit at Uttarakhand to be created) both present and future of the Company on pari passu basis with all term lenders of the Company	1,00,00,00,000	1,00,00,00,000
Interest accrued and due		78,28,767	2,12,329
III. Working Capital Loan			
From Scheduled Banks			
- Working Capital Demand Loan	Hypothecation of current assets and second charge on movable and immovable fixed assets, both present and future of the Company	2,92,00,00,000	1,40,00,00,000
- Interest accrued and due		1,05,37,889	10,45,479
- Overdraft/Cash Credit		17,99,91,461	29,86,44,216
- Packing Credit Loan		1,00,83,14,934	1,29,20,72,703
		<u>23,71,83,16,311</u>	<u>18,63,71,52,800</u>

SCHEDULE 4

UNSECURED LOANS

Fixed Deposits	7,11,90,000	4,92,24,000
Security deposits from Selling Agents and others	2,91,40,37,715	2,14,70,74,652
Interest accrued and due	10,37,89,629	7,60,46,805
Short Term Loans		
- from banks	9,69,63,02,548	4,03,19,47,144
Interest accrued and due	3,86,78,078	94,07,192
- Temporary bank overdraft	4,50,093	37,32,453
- Others (Note 17.2 on Schedule 17)	3,45,00,00,000 *	3,85,00,00,000
Other loans		
- from Banks	—	4,60,00,00,000 #
Interest accrued and due	—	46,03,605
	<u>16,27,44,48,063</u>	<u>14,77,20,35,851</u>

Include Rs 1,00,00,00,000 repayable within one year from Balance Sheet date

* Include Commercial Paper of Rs 85,00,00,000 (31.03.2010 : Rs 2,90,00,00,000)

[Maximum amount outstanding at any point of time during the year Rs 3,55,00,00,000 (2009-10: Rs 2,90,00,00,000)]

GROSS BLOCK				DEPRECIATION			NET BLOCK	
At Cost/ Valuation as at 31 st March, 2010	Additions/ Adjustments	Deletions/ Adjustments	Cost/Valuation as at 31 st March, 2011 [Note 1(b) (i) and 1 (b) (ii) on Schedule 17]	As at 31 st March, 2010	For the year	On Deletions/ Adjustments during the year	As at 31 st March, 2011	As at 31 st March, 2010
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	1,33,70,85,508	3,00,000	1,33,69,99,776	—	—	—	1,33,69,99,776	1,33,70,85,508
Leasehold Land	59,69,894	—	59,69,894	58,89,813	7,752	—	72,329	80,081
Buildings	5,87,35,89,033	56,44,76,932	6,43,67,66,227	49,05,04,236	16,79,71,275	5,19,995	5,77,88,10,711	5,38,30,84,797
Railway Siding	10,65,98,743	14,60,97,612	25,26,96,355	4,65,85,569	1,07,38,089	—	19,53,72,697	6,00,13,174
Plant and Machinery	37,29,62,22,497	4,52,52,91,309	41,75,43,53,899	10,07,66,06,263	2,48,99,39,900	5,32,55,608	29,24,10,63,344	27,21,96,16,234
Furniture, Fixture and Office Equipment	41,98,14,080	7,62,77,437	48,71,42,548	17,36,82,357	4,68,24,721	74,17,958	27,40,53,428	24,61,31,723
Software Acquired (Intangible)	1,51,84,498	1,96,64,651	3,48,49,149	23,13,717	77,09,124	—	2,48,26,308	1,28,70,781
Vehicles	8,62,96,269	1,68,96,858	9,91,87,853	2,78,16,377	77,32,160	14,83,876	6,51,23,192	5,84,79,892
Livestock	8,44,144	29,945	8,74,089	—	—	—	8,74,089	8,44,144
Total	45,14,16,04,666	5,34,90,34,744 (a)	50,40,88,39,790 (b)	10,82,33,98,332	2,73,09,23,021	6,26,77,437	36,91,71,95,874	34,31,82,06,334
Previous Year	27,17,56,66,830	18,01,88,22,095	45,14,16,04,666	9,13,21,93,666	1,73,53,16,026	4,41,11,360	34,31,82,06,334	4,37,81,32,455 (c)
Capital Work-in-progress (including Capital Advances - Unsecured Considered Good)								
(a) Includes :		31.03.2011	Rs.	31.03.2010			Rs.	31.03.2010
(i) Net gain being adjustment relating to foreign currency fluctuation.		94,95,838	Rs.	20,06,45,636				4,12,83,32,523 (c)
(ii) Borrowing cost capitalised during the year		—	Rs.	46,08,76,246	(c) Includes :		31.03.2011	Rs.
(b) Including :					(i) Borrowing cost capitalised during the year		—	6,65,04,668
(i) Jointly owned :		52,497	Rs.	52,497	(ii) Expenses allocated [Note 16A on Schedule 17]		2,88,87,100	11,95,11,265
- Building		72,79,485	Rs.	54,35,051	(iii) Capital Advances		1,83,18,76,480	1,26,49,33,584
- Furniture, Fixture & Office Equipment		14,38,479	Rs.	14,38,479	(iv) Net gain/(loss) being adjustment relating to foreign currency fluctuation		—	28,47,110
- Plant & Machinery		7,65,27,209	Rs.	7,65,27,209				
(ii) Technical Know-how fees amortised over a period of 5 years		85,898	Rs.	85,898				
(iii) Aggregate cost of land on lease to third parties		2,66,30,498	Rs.	2,55,59,657				
(iv) Cost of assets lying with third parties								
(v) Book value of revalued fixed assets [Note 1(b) (ii) on Schedule 17]. Refer detail below :		79,06,30,938	Rs.	79,24,94,416				
Freehold Land		2,98,02,512	Rs.	2,98,02,512				
Building		11,39,51,068	Rs.	11,39,51,068				
Plant and Machinery		64,68,77,358	Rs.	64,67,40,836				
		79,06,30,938	Rs.	79,24,94,416				



KESORAM INDUSTRIES LIMITED

SCHEDULE 6

INVESTMENTS

	Number	Face Value of each Share Rs.	Book Value as at 31.03.2011 Rs.	Book Value as at 31.03.2010 Rs.
Long Term – Trade				
FULLY PAID SHARES (AT COST)				
Gondkhari Coal Mining Ltd. – Equity Shares (2 Equity Shares purchased during the year)	22,730 (22,728)	10	2,27,300	2,27,280
Long Term - Other than Trade				
(1) FULLY PAID SHARES				
At under cost:				
Birla Buildings Ltd. – Equity Shares	10,000	10	75,000	75,000
Century Textiles & Industries Ltd. – Equity Shares	25,46,100	10	12,43,356	12,43,356
Coromandel Stampings & Stones Ltd. – Equity Shares	10,000	10	1	1
ECE Industries Ltd. – Equity Shares (5,04,287 Equity Shares subscribed by right issue and 5,63,287 shares sold during the year)	– (59,000)	10	–	6,69,859
Jay Shree Tea & Industries Ltd. – Equity Shares (One share face value of Rs. 10/- each split into two shares of face value of Rs. 5/- each)	3,88,116 (194,058)	5 (10)	1,18,600	1,18,600
Kesoram Insurance Broking Services Ltd. – Equity Shares	1,43,000	10	2,86,000	2,86,000
At cost:				
Aditya Birla Nuvo Ltd. – Equity Shares	6,14,162	10	4,64,55,279	4,64,55,279
Birla Buildings Ltd. – Ordinary Shares	20,000	10	2,00,000	2,00,000
Calcutta Stock Exchange Association Limited – Equity Shares	10,455	1	2,09,10,000	2,09,10,000
Century Enka Ltd. – Equity Shares	13,40,680	10	12,91,29,764	12,91,29,764
Century Textiles & Industries Ltd. – Equity Shares	2,00,000	10	16,80,56,382	16,80,56,382
ECE Industries Ltd. – Equity Shares (Sold during the year)	– (4,04,096)	10	–	1,57,20,795
Essel Mining & Industries Ltd. – Equity Shares	119	10	24,24,802	24,24,802
Grasim Industries Ltd. – Equity Shares (After netting off cash Rs. 588/- received against fractional share of Ultratech Cement Ltd. allotted on amalgamation of Samruddhi Cement Ltd. with it during the year.)	1,42,220	10	56,89,502	56,90,090
HGI Industries Ltd. – Equity Shares	4,96,100	10	1	1
Hindalco Industries Ltd. – Equity Shares	53,586	1	14,77,946	14,77,946
Kesoram Textile Mills Ltd. – Equity Shares (7,00,000 Equity Shares purchased during the year)	49,96,986 (42,96,986)	2	4,63,30,170	3,80,70,170
Carried over			42,26,24,103	43,07,55,325



KESORAM INDUSTRIES LIMITED

SCHEDULE 6 (Contd.)

INVESTMENTS

	Number	Face Value of each Share Rs.	Book Value as at 31.03.2011 Rs.	Book Value as at 31.03.2010 Rs.
Brought forward			42,76,24,103	43,07,55,325
Mangalam Cement Ltd. – Equity Shares (9,09,609 Equity Shares purchased during the year)	37,71,609 (28,62,000)	10	19,58,08,367	4,65,41,500
Mangalam Timber Products Ltd. – Equity Shares (83,462 Equity Shares purchased during the year)	25,28,462 (24,45,000)	10	3,36,51,135	3,09,69,500
Manjushree Plantations Ltd. – Equity Shares * (80,155 Equity Shares purchased during the year)	2,33,423 (1,53,268)	10	1,20,19,194	1,04,16,094
Meghdoot Co-operative Housing Society Ltd. – Shares	10	100	1,000	1,000
Padmavati Investment Ltd. – Equity Shares	7,231	10	58,81,551	58,81,551
Ultratech Cement Ltd. (Shares allotted due to amalgamation of Samruddhi Cement Ltd. with Ultratech Cement Ltd. during the year)	81,268	10	–	–
Vasavadatta Services Ltd. – Equity Shares	18,800	10	1,88,000	1,88,000
Vidula Chemicals & Manufacturing Industries Ltd. – Equity Shares *	44,750	10	5,93,138	5,93,138
			67,07,66,488	52,53,46,108
Less : Provision for diminution in value of investments *			1,26,12,332	1,10,09,232
			65,81,54,156	51,43,36,876
Aggregate Book Value of Investment in Shares:				
Quoted (net of provision)			62,79,60,502	48,41,43,242
Unquoted			3,01,93,654	3,01,93,634
			65,81,54,156	51,43,36,876
Aggregate Market Value of Quoted Investment in Shares: (Excluding investments in HGI Industries Ltd., Kesoram Textile Mills Ltd., Manjushree Plantations Ltd. and Vidula Chemicals & Manufacturing Industries Ltd. in absence of any current quotation)			2,67,95,12,285	3,44,36,55,672

Figures in bracket represent previous year.



KESORAM INDUSTRIES LIMITED

SCHEDULE 6 (Contd.)

INVESTMENTS

Investments purchased and sold during the year

	Number	Face Value of each Unit Rs.	Cost Rs.
Current Investment – other than trade			
Units in Mutual Funds			
1. Baroda Pioneer Liquid Fund - Institutional Daily Div Plan	20,00,003.052	10	2,00,12,631
2. Baroda Pioneer Liquid Fund - Institutional Daily Div Plan	35,000.389	1,000	3,50,22,439
3. C54 L & T Liquid Inst Daily Dividend Reinvestment Plan	1,33,51,617.111	10	13,50,68,964
4. C122 L & T Freedom Income STP - Inst.-Cum-Org	1,26,82,653.252	10	19,00,20,152
5. C154 L & T Liq Sup Inst. Plan - Cumulative	2,09,44,834.879	10	27,00,00,000
6. Daiwa Liquid Fund - Institutional Plan - Daily Dividend Option	1,39,993.763	1,000	14,00,66,518
7. DWS Insta Cash Plus Fund – Super Institutional Plan Daily Dividend	84,75,738.571	10	8,50,15,048
8. DWS Insta Cash Plus Fund – Super Institutional Plan Daily Dividend	1,99,566.774	100	2,00,17,346
9. DWS Ultra Short Term Fund - Institutional Daily Dividend -Reinvestment	59,91,171.938	10	6,00,18,961
10. Kotak Floater Short Term - Daily Dividend	19,77,318.922	10	2,00,02,954
11. Kotak Flexi Debt Scheme Institutional - Daily Dividend	9,96,109.714	10	1,00,08,412
12. Kotak Liquid (Institutional Premium) – Daily Dividend	32,72,670.1294	10	4,00,18,538
13. LFDD-IDBI Liquid Fund-Daily Dividend - Reinvestment	60,03,155.580	10	6,00,31,556
14. NLFID Canara Robeco Liquid Fund -Institutional Daily Dividend Reinvest	19,89,277.0721	10	2,00,02,181
15. Peerless Liquid Fund-Super Institutional Daily Div.	50,01,235.956	10	5,00,19,861
16. Pramerica Liquid Fund - Daily Dividend Option - Reinvestment	1,10,058.723	1,000	11,00,61,452
17. Shinsei Liquid Fund - Institutional Plan - Daily Dividend Option	4,29,918.969	1,000	43,01,42,398
18. Shinsei Treasury Advantage Fund - Daily Dividend Option	25,020.849	1,000	2,50,23,561
19. Taurus Liquid Fund-Super Institutional Daily dividend-Reinvestment	70,027.025	1,000	7,00,31,500
20. UTI Liquid Cash Plan Institutional – Daily Income Option -Re-investment	25,95,081.278	1,000	2,64,55,44,450
21. UTI Treasury Advantage Fund – Institutional Plan (Daily Dividend Option) - Reinvestment	16,15,181.897	1,000	1,61,55,27,708
22. 1564 ICICI Prudential Liquid Super Institutional Plan – Div - Daily	15,50,465.39	100	15,50,80,804
23. 3006/HDFC Cash Management Fund – Savings Plan - Daily Dividend Reinvestment	70,51,920.881	10	7,50,07,051



KESORAM INDUSTRIES LIMITED

SCHEDULE 7

INVENTORIES

[Refer Note 1 (d) on Schedule 17]

	31 st March, 2011 Rs.	31 st March, 2010 Rs.
Stores and Spare Parts	1,28,27,20,497	1,41,05,51,015
Raw Materials	4,24,48,83,655	3,68,26,04,239
Work-in-Process	1,72,80,95,288	1,16,10,35,446
Finished Goods	3,92,97,85,007	2,90,77,50,683
	<u>11,18,54,84,447</u>	<u>9,16,19,41,383</u>

SCHEDULE 8

SUNDRY DEBTORS

	31 st March, 2011 Rs.	31 st March, 2010 Rs.
Debts over six months		
Secured - Considered good	11,28,56,472	3,85,26,566
Unsecured		
- Considered good	4,77,39,473	2,64,92,984
- Considered doubtful	20,15,704	7,79,698
	<u>4,97,55,177</u>	<u>2,72,72,682</u>
Less: Provision for doubtful debts	<u>20,15,704</u>	<u>7,79,698</u>
	4,77,39,473	2,64,92,984
Other Debts - Considered good		
Secured	2,18,52,72,337	1,63,65,95,772
Unsecured	3,96,75,60,579	3,72,72,70,823
	<u>6,15,28,32,916</u>	<u>5,36,38,66,595</u>
	<u>6,31,34,28,861</u>	<u>5,42,88,86,145</u>

SCHEDULE 9

CASH AND BANK BALANCES

	31 st March, 2011 Rs.	31 st March, 2010 Rs.
Cash in hand [including Rs.30,10,979 (31.03.2010 - Rs.2,30,623) cheques/ drafts in hand]	52,31,923	36,27,459
With Scheduled Banks on -		
Current Account [including Rs.45,85,89,569 (31.03.2010 - Rs.22,31,20,485) Remittances in transit]	69,52,47,604	78,11,08,183
Unpaid Dividend Accounts	1,83,34,306	1,66,16,447
Term Deposit Account [(including Rs. 15,000 [(31.03.2010 - Rs.21,188) pledged with sales tax/ ESI Authorities]]	1,76,25,000	31,31,188
With Post Office Savings Bank Account [Maximum Amount outstanding at any time during the year Rs.5,000 (Previous Year Rs. 5,000)]	5,000	5,000
	<u>73,64,43,833</u>	<u>80,44,88,277</u>



KESORAM INDUSTRIES LIMITED

SCHEDULE 10

OTHER CURRENT ASSETS

	31 st March, 2011 Rs.	31 st March, 2010 Rs.
Unsecured - Considered Good		
Deposits	22,90,11,201	18,95,72,174
Accruals under Duty Exemption Scheme pertaining to exports	8,64,96,391	10,85,54,875
Accrued Interest on deposits	33,91,837	32,10,913
	<u>31,88,99,429</u>	<u>30,13,37,962</u>

SCHEDULE 11

LOANS AND ADVANCES

	31 st March, 2011 Rs.	31 st March, 2010 Rs.
Unsecured - Considered Good		
Other Loans (including accrued interest)	11,58,71,299	6,94,59,306
Advances recoverable in cash or in kind or for value to be received	3,01,69,32,729	2,27,24,04,041
Balance with Excise, Port Trust and Customs Authorities etc.	4,80,566	34,21,672
Advance Payment of Income Tax and tax deducted at source [net of Provision for taxation (including tax on Proposed Dividend) Rs.3,38,11,40,707 Previous year Rs 3,39,00,15,340)	44,88,62,446	8,43,36,825
MAT Credit Entitlement	44,50,00,000	44,50,00,000
	<u>4,02,71,47,040</u>	<u>2,87,46,21,844</u>

SCHEDULE 12

CURRENT LIABILITIES AND PROVISIONS

	Rs.	31 st March, 2011 Rs.	31 st March, 2010 Rs.
CURRENT LIABILITIES			
Sundry Creditors			
Due to Micro and Small Enterprise *	44,02,110		14,45,289
Others	<u>5,99,68,87,190</u>		<u>3,84,21,47,562</u>
		6,00,12,89,300	3,84,35,92,851
Advance from customers		22,02,39,200	37,00,04,405
Unclaimed Dividend		1,83,34,306	1,66,16,405
Other Liabilities		1,17,12,40,934	92,48,52,087
Interest accrued but not due on loans		<u>11,48,54,634</u>	<u>13,11,78,802</u>
		<u>7,52,59,58,374</u>	<u>5,28,62,44,550</u>

* represents principal amount

Note:

There is no amount due and outstanding to be credited to Investors Education and Protection Fund as at Balance Sheet Date other than unclaimed dividend of Rs.66,711 (31.03.2010 - Rs.56,307) pertaining to cases under litigation regarding beneficial ownership of shares.

PROVISIONS

Fringe Benefit Tax [Net of Advance Tax Rs.1,93,13,259 (31.03.2010 - Rs.3,35,05,788)]	7,56,061	12,59,454
Proposed Dividend	<u>14,86,65,784</u>	<u>14,86,65,784</u>
	<u>14,94,21,845</u>	<u>14,99,25,238</u>



KESORAM INDUSTRIES LIMITED

SCHEDULE 13 OTHER INCOME

	Rs.	2010-2011 Rs.	2009-2010 Rs.
Dividend Income from Long term Investments (other than trade)		5,17,56,644	4,74,18,383
Dividend income from Current Investments (other than trade)		15,11,488	46,55,917
Interest (Gross)			
On loans [Tax deducted at source Rs.8,21,650 (2009-2010 - Rs.9,30,662)]	83,09,455		83,30,946
On bank and other deposits [Tax deducted at source Rs. 2,91,224 (2009-2010 - Rs.2,65,933)]	52,04,549		24,34,616
On delayed payment by customers	4,98,03,101		4,95,20,284
		6,33,17,105	6,02,85,846
Insurance Claims		45,48,40,585	1,38,72,213
Accruals under duty exemption scheme pertaining to exports		24,48,19,071	30,87,77,655
Foreign Currency Translation Gain (Net)		16,86,42,163	31,15,13,362
Liabilities no longer required written back		79,71,796	2,07,22,174
Profit on Fixed Assets sold/discarded (Net)		2,20,48,332	—
Profit on Long Term Investments (other than trade) sold		6,80,56,300	—
Profit on Current Investments (other than trade) sold		1,14,412	42,250
Miscellaneous Income		53,31,61,915	53,98,62,507
		1,61,62,39,811	1,30,71,50,307



KESORAM INDUSTRIES LIMITED

SCHEDULE 14

RAW MATERIALS AND FINISHED GOODS

	Rs.	2010-2011 Rs.	2009-2010 Rs.
(i) Raw Materials Consumed			
Opening Stock	3,68,26,04,239		2,24,13,15,921
Purchases	30,86,52,26,989		24,24,11,97,040
	34,54,78,31,228		26,48,25,12,961
Less: Closing Stock	4,24,48,83,655		3,68,26,04,239
		30,30,29,47,573	22,79,99,08,722
Raising cost of limestone (a)		1,01,70,03,528	92,20,27,338
(ii) (Increase)/Decrease in Work In Process, Finished Goods			
Opening Stock			
Work-in-Process	1,16,10,35,446		64,81,52,922
Finished Goods	2,90,77,50,683		1,68,40,45,785
	4,06,87,86,129		2,33,21,98,707
Purchases (b)	25,46,36,875		33,10,69,513
	4,32,34,23,004		2,66,32,68,220
Less: Work-in-Process transferred to trial run	—		87,10,670
Add: Processed/Semi-processed items transferred from trial run	—		5,11,99,799
	4,32,34,23,004		2,70,57,57,349
Less: Closing Stock			
Work-in-Process	1,72,80,95,287		1,16,10,35,446
Finished Goods	3,92,97,85,007		2,90,77,50,683
	-1,33,44,57,290		-1,36,30,28,780
Less: Transferred to Capital Jobs	5,21,87,515		3,65,59,796
		-1,38,66,44,805	-1,39,95,88,576
		29,93,33,06,296	22,32,23,47,484

NOTE :-

(a) Limestone Raising Cost include:

Salaries, Wages, Bonus etc.	5,91,43,020	5,02,63,958
Contribution to Provident and other Funds	49,45,511	40,89,827
Workmen and Staff welfare	57,80,715	42,16,356
Dead Rent, Royalty etc.	43,19,36,575	41,16,04,532
Power and Fuel	7,12,067	6,99,040
Stores Consumed	24,38,21,338	25,68,61,134
Machinery repairs	16,83,83,296	14,89,55,877
Other repairs	15,82,689	12,31,243
Rates and taxes	55,44,809	2,07,212
Insurance	3,95,089	7,49,124

(b) Purchase of finished goods comprises:

		Quantity		
		2010-2011	2009-2010	
Tyres, tubes & flaps (set)	Nos.	—	1,363	—
Tubes	Nos.	1,44,902	2,43,239	14,87,29,738
Flaps	Nos.	3,69,433	6,36,940	10,59,07,137
				25,46,36,875
				33,10,69,513



KESORAM INDUSTRIES LIMITED

SCHEDULE 15

MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES

	2010-2011 Rs.	2009-2010 Rs.
Salaries, Wages, Bonus etc.	2,30,89,57,217	1,94,58,01,308
Contribution to Provident Fund	20,17,10,016	16,53,02,151
Contribution to Superannuation Fund	70,71,405	55,91,004
Labour Welfare Fund	11,06,174	—
Contribution to Gratuity Fund	6,34,43,101	2,07,91,375
Contribution under Employees State Insurance Scheme	4,40,28,818	1,32,06,277
Workmen and Staff Welfare	10,92,23,338	10,21,77,664
Power and Fuel	6,89,29,43,807	6,24,22,83,052
Stores and Spare Parts consumed	1,08,17,25,964	1,05,52,83,861
Repairs and Maintenance		
Building	7,92,78,586	8,05,03,564
Plant and Machinery	58,73,94,089	45,71,18,122
Others	6,84,03,768	4,33,43,666
Rent	8,30,73,513	4,24,54,757
Rates and Taxes	37,72,92,237	37,76,74,881
Insurance	9,44,32,604	7,05,29,037
Brokerage and Discounts	2,26,59,51,289	1,55,72,92,220
Packing, Carriage and Shipping	4,76,52,61,221	4,32,36,88,687
Commission to Selling Agents	79,40,85,806	61,80,82,818
Directors' Fees	11,90,000	11,20,000
Directors' Commission	—	24,00,000
Debts/ Advances/ Deposits written off	57,66,334	—
Diminution in value of investment	16,03,100	—
Loss on Fixed Assets sold/discarded (net)	—	26,23,824
Provision for Doubtful Debts	17,64,095	2,51,609
Miscellaneous Expenses (Notes 13 & 18 on Schedule 17)	2,22,53,20,253	1,59,05,69,491
	22,06,10,26,735	18,71,80,89,368

SCHEDULE 16

INTEREST

	2010-2011 Rs.	2009-2010 Rs.
Interest :		
On Debentures	43,36,45,567	30,62,59,928
On Fixed Loans	1,67,01,70,167	1,03,63,12,396
Others	29,44,41,060	22,44,46,952
	2,39,82,56,794	1,56,70,19,276
Less: Interest Capitalised	—	47,67,06,650
	2,39,82,56,794	1,09,03,12,626
	2,39,82,56,794	1,09,03,12,626



SCHEDULE 17

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

These Financial Statements have been prepared under the historical cost convention [other than for revaluation of certain fixed assets as detailed in '1(b)(ii)' and '1(b)(iv)' below] and in compliance with all the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 (the 'Act') and the relevant provisions of the Act. A summary of significant accounting policies which have been applied is set out below.

(b) Fixed Assets and Depreciation

- (i) Fixed Assets are stated at cost of construction/acquisition [except for items mentioned in (b) (ii) below] inclusive of inward freight, non refundable duties/taxes, incidental expenses directly related to acquisition and borrowing cost where applicable and adjustments for exchange difference referred to in Note 1(f) below. In respect of projects involving construction, related pre-operational expenses form part of the value of assets capitalised. An impairment loss is recognised wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount (i.e. higher of net selling price and value in use).
- (ii) Land, buildings and certain plant and machineries of Rayon and Transparent Paper Unit as at 31st March, 1982 and of Cement (at Basantnagar) and Spun Pipes & Foundries Units as at 31st March, 1983 are stated at valuation made by the professional valuers in 1982-83 at the then current value.
- (iii) Capital work in progress is stated at cost [including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 1(f) below], incurred during construction/installation/pre-operative period relating to items or projects in progress.
- (iv) Depreciation on revalued items of fixed assets referred to in (b)(ii) above is calculated on their respective revalued amounts at rates considered applicable by the valuers on straight line method as against the methods/rates/bases which would have otherwise been adopted for the purpose of the annual accounts of the Company and accordingly includes additional depreciation charge. An amount equivalent to the aforesaid additional depreciation charge is transferred to the credit of the Profit and Loss Account from Capital Reserve - Revaluation of Fixed Assets.
- (v) Depreciation on fixed assets acquired up to 31st March, 1983 and not covered by revaluations referred to in (b)(ii) above pertaining to Transparent Paper Division of Rayon & Transparent Paper Unit and fixed assets of Bharat General Unit (except those pertaining to Malkapur Extraction Division) is calculated under reducing balance method at applicable rates as per Schedule XIV to the Companies Act, 1956 as revised during 1993-94.
- (vi) Leasehold land is amortised over the lease period.
- (vii) Software are capitalised where they are expected to provide future enduring economic benefits and amortised on a straight line basis over a period of three years from the date of capitalisation. Capitalisation costs include license fees and the cost of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.
- (viii) Depreciation on fixed assets acquired up to 31st March, 1993 other than items covered in (b)(iv) to (b)(vi) above is calculated under straight-line method at the rates considered adequate to amortise the depreciable book value over the remaining part (as at 1st April, 1993) of the specified period recomputed by applying the Schedule XIV rates as revised during 1993-94 in keeping with the Circular No.14/93 dated 20th December, 1993 of the Department of Company Affairs, Government of India.
- (ix) Depreciation on additions to fixed assets from 1st April, 1993 [except for deferral of annual depreciation charge for three years from 1999-2000 to 2001-2002 on certain fixed assets of Cement Units as indicated in (b)(x) below and items covered in b(vii) above], fixed assets of Hindusthan Heavy Chemical Unit, Assam Cotton Mills Unit and those pertaining to Malkapur Extraction Divisions of Bharat General Unit [referred to in (b)(v) above], is calculated under straight-line method at applicable rates as per Schedule XIV to the Companies Act, 1956 as amended during 1993-94.



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SCHEDULE 17 (Contd.)

(x) Pursuant to Central Government's approval under Section 205(2)(c) of the Act, depreciation not provided in 1999-2000, 2000-2001 and 2001-2002 accounts on certain fixed asset items of Cement Units is amortised over the remaining part of specified period (as at 1st April, 2000, 1st April, 2001 and 1st April, 2002 respectively) based on the prescribed rates.

(c) **Investments**

Long-term Investments are stated at cost where applicable; provision for diminution is made or carrying amount is written down to recognise a decline other than temporary in the carrying amount of long term investments as determined by the Board of Directors on periodical review.

Current investments are carried at lower of cost and fair value. Gains/losses on disposal of the investments are recognised as income/expenditure.

(d) **Inventories**

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average/FIFO basis, as considered appropriate by the Company and includes expenditure incurred in the normal course of business in bringing inventories to its location and condition, appropriate overheads, where applicable. Provision is made for obsolete/slow moving/defective stocks, wherever necessary.

(e) **Borrowing Cost**

Borrowing costs attributable to qualifying assets (assets which require substantial period of time to get ready for their intended use) are capitalised as part of the cost of such assets. All other borrowing costs are charged to revenue.

(f) **Foreign Currency Translation as application under accounting standard 11 on 'The effect of Changes in Foreign Exchange Rates'.**

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/losses (other than relating to reporting of long-term foreign currency monetary items) arising out of fluctuations in the exchange rates are recognised in Profit and Loss Account in the period in which they arise. Exchange differences arising on reporting of long-term foreign currency monetary items (i) relating to acquisition of depreciable capital assets are adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long term monetary asset/liability but not beyond 31st March, 2011). Differences between the forward exchange rates and the exchange rates at the date of transactions are accounted for as income/expense over the life of the contracts.

(g) **Derivative Contracts**

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'), gains/losses on settlement and mark to market loss (net) relating to outstanding contracts as at the Balance Sheet date is recognised in the Profit and Loss Account.

Refer Note 1(f) above for forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in foreign Exchange Rates'.

(h) **Sales**

Sales represent value of goods sold and are net of trade discounts/allowances, sales return and excluding sales tax/value added tax.

Sales are recognized on passing of property in goods.

(i) **Investment Income**

Income from investments is accounted for on accrual basis, inclusive of related tax deducted at source.



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SCHEDULE 17 (Contd.)

(j) **Employee Benefits**

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

Contributions towards superannuation at rates specified in related approved scheme covering eligible employees are recognised as expense and funded.

Contributions towards provident funds are recognised as expense. Provident fund contributions in respect of certain employees are made to Trusts administered by the Company; the interest rate payable to the members of the Trusts is not lower than the statutory rate of interest declared annually by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, is to be made good by the Company. The remaining provident fund contributions are made to employer established provident funds (for other than covered employees)/ government administered provident fund towards which the Company has no further obligations beyond its monthly contributions. (Also refer Note 14A below).

Liability towards gratuity, covering eligible employees, is provided and funded on the basis of year-end actuarial valuation.

Accrued liability towards leave encashment benefits, covering eligible employees, evaluated on the basis of year-end actuarial valuation is recognised as a charge.

Contribution to Central Government administered Employees' State Insurance Scheme for eligible employees is recognised as charge.

Actuarial gains/losses arising in Defined Benefit Plans are recognised immediately in the Profit and Loss Account as income/expense for the year in which they occur.

(k) **Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is provided/ recognised on timing differences between taxable income and accounting income using the liability method subject to consideration of prudence. Deferred tax assets on unabsorbed depreciation and carry forward of losses under tax laws are not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

(l) **Government Grants**

Grants of Capital nature and related to specific Fixed Assets are deducted from gross value of assets. Other grants of Capital nature are credited to Capital Reserve. Grant related to revenue are recognised in the Profit and Loss Account on a systematic basis to match them with related costs.

- 2 (a) Radial car tyre project with 80 MT/day capacity at Balasore and further expansion of radial truck tyre by 85 MT/day at Uttarakhand taken up during the year 2009-10 are expected to commence commercial production by the end of 2011-2012.
- (b) The time frame for completion of expansion of Vasavadatta cement unit of the Company (clinker production capacity of 1.71 million MT/year together with captive power plant of 18 MW capacity at an estimated cost of Rs.925.00 crores and related grinding facility of 2.5 million MT cement per annum to be situated at Solapur in the state of Maharashtra at estimated cost of Rs. 200.00 crores) is being extended beyond 2012-13.
- 3 (a) The Company intends to hive off its Hindusthan Heavy Chemicals unit (the Unit) as reflected in the Board Resolution of 31st January, 2006 and later on consented by the shareholders by postal ballot of 24th March, 2006. The Unit is not significant in terms of the Company's total assets/liabilities/revenue/expenses/cash flows. Pending disposal of the Unit, the Unit is in operation and results thereof, have been reflected in these Accounts. The Company had to declare suspension of work at the unit effective 8th December, 2010 in consequence of illegal strike/activities by workmen.
- (b) The Company's Spun Pipes and Foundries Unit is under suspension of work effective 2nd May, 2008.



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SCHEDULE 17 (Contd.)

		31 st March, 2011 Rs.	31 st March, 2010 Rs.
4	Contingent Liabilities :		
(a)	Guarantees given -		
(i)	to excise authorities	11,73,223	11,73,223
(ii)	by Banks on behalf of the Company (excluding relating to joint venture referred to in note 15 below)	64,62,00,803	70,38,54,755
(b)	Claims against the Company not acknowledged as debts : Rates, Taxes, Duties etc. demanded by various Authorities Amount demanded by Provident Fund Authorities which is sub judice	1,37,76,47,666 86,86,000	1,20,94,00,083 86,86,000
		1,38,63,33,666	1,21,80,86,083
(c)	Rates, Taxes, Duties etc.	30,29,87,802	8,14,89,255
(d)	Amount payable in connection with reorganisation of the Company in earlier year	3,59,00,565	3,71,22,132
5	Capital Commitments [net of advances Rs. 1,83,18,76,480 (31.03.10 - Rs. 1,24,06,57,500)]	3,75,11,35,896	4,35,92,60,490
6	The major components of the deferred tax assets and liabilities accounted for during the year in the manner indicated in Note 1(k) above are as below: Tax effect of timing differences		
(a)	Deferred Tax Liabilities Difference between written down value of block of assets as per Income tax laws and book written down value of the fixed assets	3,88,15,12,034	3,33,55,01,551
(b)	Deferred Tax Assets		
(i)	Items allowable for tax purpose on payment	1,66,08,750	5,09,85,000
(ii)	Others	6,69,563	1,33,687
	Net Deferred Tax Liability as at the year-end	3,86,42,33,721	3,28,43,82,864
	Amount charged/(credited) to Profit and Loss Account	57,98,50,857	2,02,29,07,529
		2010-2011 Rs.	2009-2010 Rs.
7	(a) Managerial Remuneration		
(i)	Directors' Fees	11,90,000	11,20,000
(ii)	Commission to non-whole time Directors	-	24,00,000
(iii)	Remuneration paid/payable to Manager		
	Salaries, Bonus etc.	1,25,02,445	61,78,509
	Contribution to Provident Fund	10,18,080	4,89,600
	Contribution Superannuation Fund	12,72,600	6,12,000
	Contribution Gratuity Fund	26,37,615	19,51,627
	Other benefits/perquisites	19,54,946	8,01,286
		1,93,85,686	1,00,33,022
		2,05,75,686	1,35,53,022



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SCHEDULE 17 (Contd.)

- (b) In view of inadequacy of net profit for the year determined in accordance with the provision of Sec 349 of the Companies Act 1956 of India ('the Act') the remuneration of the Whole-time Director and the Manager of the Company, payable under the terms of employment, aggregating Rs. 98,40,676 and Rs. 95,45,010 respectively, have exceeded the limits prescribed in Part II of Schedule XIII to the Act. The Company having become aware of the non-compliance will seek the approval of the Central Government for the aforesaid remuneration paid by it to its managerial personnel.

	2010-2011 Rs.	2009-2010 Rs.
8 Power and Fuel (Schedule 15) includes consumption of stores and spares	5,42,48,28,803	5,63,17,94,704
9 Repairs and Maintenance (Schedule 15) includes:		
(a) Consumption of stores and spare parts	8,62,00,290	12,32,03,016
(b) Salaries and Wages	21,03,74,424	19,45,04,098
(c) Technical Service fees	38,09,566	14,87,843
10 Packing, carriage and shipping (Schedule 15) includes:		
(a) Consumption of stores and spare parts	60,12,92,120	55,82,41,468
(b) Salaries and Wages	7,28,39,804	7,41,67,815
11 Fixed Assets/Capital Work-in-Progress (Schedule 5) include consumption of stores and spare parts during the year	55,33,26,289	1,12,87,43,339
12 Miscellaneous expenses (Schedule 15) include:		
(a) Guarantee Commission	37,60,157	35,90,799
(b) Technical Service Charges	4,24,42,995	33,05,885
(c) Conversion Charges	37,24,49,293	32,97,62,164
(d) Consumption of stores and spare parts	2,42,49,121	3,23,41,084
(e) Auditors' Remuneration:		
As Auditors -		
Audit Fees [Including Rs. 2,02,000 for previous year (2009-10-Nil)]	84,52,000	75,00,000
Tax Audit Fees	30,25,000	27,50,000
Fees for issuing various certificates (including Limited Reviews)	45,39,760	39,29,800
Reimbursement of Expenses	1,11,868	2,96,692
(f) Payment to Cost Auditors (Fees)	5,43,000	4,57,000
13 Miscellaneous expenses (Schedule 15) include Rs. 21,05,881 (Net) (2009-10 Rs. 10,91,48,160) excise duty related to the difference between the closing stock and opening stock.		
14 A. In keeping with the Guidance on implementing Accounting Standard (AS) 15 on Employee Benefits issued by the Accounting Standards Board of the Institute of Chartered Accountants of India (ASB Guidance), employer-established provident fund trusts are treated as Defined Benefit Plans since the Company is obligated to meet interest shortfall, if any, with respect to covered employees. According to the management, in consultation with Actuary, actuarial valuation cannot be applied to reliably measure provident fund liabilities in absence of guidance from Actuarial Society of India. Accordingly, the Company is currently not in a position to provide other related disclosures as required by the aforesaid AS 15 read with the ASB Guidance, however, having regard to the position of the Fund (for covered employees) and confirmation from the Trustees' of such Fund there is no shortfall as at the year end.		
14 B. In keeping with the Company's gratuity scheme (a defined benefit plan), eligible employees are entitled to gratuity benefit (at one half months eligible salary for each completed year of service) on retirement/death/incapacitation/termination. Also refer Note 1 (j) for accounting policy relating to gratuity. Following are the further particulars with respect to gratuity.		



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SCHEDULE 17 (Contd.)

	2010-2011 Rs.	2009-2010 Rs.	2008-2009 Rs.	2007-2008 Rs.
I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation				
(a) Present Value of Obligation at the beginning of the year	57,28,26,132	50,12,81,917	47,00,50,924	40,47,57,613
(b) Current Service Cost	4,31,53,590	3,84,04,200	3,30,26,132	2,96,67,743
(c) Interest Cost	4,42,06,020	3,57,20,645	3,37,82,502	3,11,97,324
(d) Actuarial Loss	1,83,66,127	4,74,32,668	36,57,471	3,40,10,380
(e) (Benefits Paid)	(4,05,01,758)	(5,00,13,298)	(3,92,35,112)	(2,95,82,136)
(f) Present Value of Obligation at the end of the year	63,80,50,111	57,28,26,132	50,12,81,917	47,00,50,924
II. Reconciliation of opening and closing balances of the fair value of Plan Assets				
(a) Fair Value of Plan Assets at the beginning of the year	55,20,34,757	43,64,24,839	42,82,25,808	35,68,97,684
(b) Expected Return on Plan Assets	4,41,62,781	3,05,49,738	2,99,75,806	2,85,51,815
(c) Actuarial Gain/(Loss)	(18,80,145)	7,02,16,400	(2,85,76,779)	11,25,361
(d) Contributions by employer	2,07,91,375	6,48,57,078	4,60,35,116	7,12,33,084
(e) (Benefits Paid)	(4,05,01,758)	(5,00,13,298)	(3,92,35,112)	(2,95,82,136)
(f) Fair Value of Plan Assets as at the end of the year	57,46,07,010	55,20,34,757	43,64,24,839	42,82,25,808
III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above				
(a) Present Value of Obligation as at the end of the year	63,80,50,111	57,28,26,132	50,12,81,917	47,00,50,924
(b) Fair Value of Plan Assets as at the end of the year	57,46,07,010	55,20,34,757	43,64,24,839	42,82,25,808
(c) Liability recognised in the Balance Sheet	6,34,43,101	2,07,91,375	6,48,57,078	4,18,25,116
(d) Experience (Gain)/Loss adjustment on plan liabilities	1,83,66,127	4,74,32,668	36,57,471	3,40,10,380
(e) Experience Gain/(Loss) adjustment on plan assets	(18,80,145)	7,02,16,400	(2,85,76,779)	11,25,361
IV. Expense charged to the Profit and Loss Account				
(a) Current Service Cost	4,31,53,590	3,84,04,200		
(b) Interest Cost	4,42,06,020	3,57,20,645		
(c) (Expected Return on Plan Assets)	(4,41,62,781)	(3,05,49,738)		
(d) Actuarial (Gain)/Loss	2,02,46,272	(2,27,83,732)		
(e) Total expense charged to the Profit and Loss Account*	6,34,43,101	2,07,91,375		
* reflected as 'Contribution to Gratuity Fund' under 'MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES' on Schedule 15 of respective year's accounts				
V. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets				
	31 st March, 2011	31 st March, 2010		
(a) NAV/Interest based schemes with Insurance Companies	70.40%	67.84%		
(b) Special Deposit Scheme with State Bank of India	23.25%	24.01%		
(c) Government (Central and State) Securities	1.39%	2.06%		
(d) Others (including bank balances)	4.96%	6.09%		



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SCHEDULE 17 (Contd.)

	2010-2011 Rs.	2009-2010 Rs.
VI. Actual Return on Plan Assets	4,25,26,224	10,07,66,138
VII. Principal Actuarial Assumptions	31st March, 2011	31st March, 2010
(a) Discount Rate (per annum)	8.00%	7.50%
(b) Expected Rate of Return on Plan Assets (per annum)	8.00%	7.00%
(c) Salary Escalation	5.00%	5.00%
(d) Inflation Rate	5.00%	5.00%

The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected rate of return on plan assets is based on the portfolio of assets held, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are reasonably diversified.

Note:-

Comparative values of defined benefit plan for the past three years instead of four financial year, as required by Accounting Standard 15 (Revised 2005) as employees Benefits are provided, this being only the fourth year of adoption of the standard.

15 The Company's interest as a venture in jointly controlled entity is:-

Name	Country of Incorporation	Proportion of ownership interest as on 31 st March, 2011	Proportion of ownership interest as on 31 st March, 2010
Gondhkhari Coal Mining Limited	India	45.46	45.46

The Company's interest in the joint venture is reported as Long-term Investments (Schedule - 6) and stated at cost. The Company's share of each of the assets, liabilities, income and expenses (each without elimination of the effect of transaction between the Company and Joint Venture) related to interest in joint venture are :-

	31 st March, 2011 Rs.	31 st March, 2010 Rs.
I Assets		
1. Fixed Assets		
a) Net Block	2,31,031	2,07,365
b) Capital Work-in-Progress	5,58,02,157	5,61,594
2. Current Assets, Loans and Advances		
a) Cash and Bank Balances	5,63,956	32,359
b) Loans and Advances	—	60
	<u>5,65,97,144</u>	<u>8,01,378</u>
II Liabilities		
1. Current Liabilities	3,50,228	7,89,193
III Profit and Loss Account Debit Balances	<u>8,43,645</u>	<u>2,15,115</u>
IV Income	—	—
V Expenditure		
a) Administrative Expenses	5,46,253	2,14,397
b) Depreciation	14,584	718
c) Prior period Expenses	67,693	—
	<u>6,28,530</u>	<u>2,15,115</u>
Share of Contingent Liabilities (Guarantees given by bank)	<u>5,39,60,000</u>	<u>5,39,61,020</u>



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SCHEDULE 17 (Contd.)

16A Details of pre-operative expenses incurred relating to expansion/Greenfield projects referred to in Note 2 above -

	2010-2011				
	Up to 31 st March, 2010	During 2010-2011	Total	Capitalised/ Transferred	Balance as on 31 st March, 2011
	Rs. (a)	Rs. (b)	Rs. (c) = (a) + (b)	Rs. (d)	Rs. (e) = (c) - (d)
Salaries, Wages, Bonus etc.	73,99,015	1,03,68,832	1,77,67,847	60,29,359	1,17,38,488
Contribution to Provident and Other Funds	4,26,446	6,66,388	10,92,834	3,41,907	7,50,927
Workmen and Staff Welfare	1,58,587	-4,072	1,54,515	1,35,261	19,254
Power and Fuel	57,69,564	31,35,392	89,04,956	53,76,461	35,28,495
Repairs and Maintenance to Plant & Machinery	22,084	3,92,742	4,14,826	22,085	3,92,741
Rent	2,32,298	—	2,32,298	2,32,298	—
Rates & Taxes	4,97,571	1,15,800	6,13,371	4,97,571	1,15,800
Insurance	7,03,712	26,32,929	33,36,641	7,03,712	26,32,929
Miscellaneous Expenses	3,56,11,295	67,13,154	4,23,24,449	3,25,70,163	97,54,286
	5,08,20,572	2,40,21,165	7,48,41,737	4,59,08,817	2,89,32,920
Interest	6,86,90,693	—	6,86,90,693	6,86,90,693	—
Total (A)	11,95,11,265	2,40,21,165	14,35,32,430	11,45,99,510	2,89,32,920
Electricity/Rent Receipts	—	45,820	45,820	—	45,820
Total (B)	—	45,820	45,820	—	45,820
Net Pre-Operative Expenses (A-B)	11,95,11,265	2,39,75,345	14,34,86,610	11,45,99,510	2,88,87,100



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SCHEDULE 17 (Contd.)

16B Details of pre-operative expenses incurred in 2009-10 relating to cement and tyre expansion/Greenfield projects -

	2009-2010				
	Up to 31 st March, 2009	During 2009-2010	Total	Capitalised/ Transferred	Balance as on 31 st March, 2010
	Rs. (a)	Rs. (b)	Rs. (c) = (a) + (b)	Rs. (d)	Rs. (e) = (c) - (d)
Raw Materials consumed	—	6,40,44,044	6,40,44,044	6,40,44,044	—
Work in process transferred to trial run	—	87,10,670	87,10,670	87,10,670	—
Stores and Spare Parts Consumed	—	9,14,961	9,14,961	9,14,961	—
Salaries, Wages, Bonus etc.	1,67,03,403	4,31,96,999	5,99,00,402	5,25,01,387	73,99,015
Contribution to Provident and Other Funds	10,62,543	25,10,801	35,73,344	31,46,898	4,26,446
Workmen and Staff Welfare	48,112	24,10,055	24,58,167	22,99,580	1,58,587
Power and Fuel	4,74,23,455	16,76,85,446	21,51,08,901	20,93,39,337	57,69,564
Repairs and Maintenance to Plant & Machinery	1,47,201	34,74,023	36,21,224	35,99,140	22,084
Rent	4,57,200	13,87,762	18,44,962	16,12,664	2,32,298
Rates & Taxes	6,14,147	14,47,371	20,61,518	15,63,947	4,97,571
Insurance	72,08,337	60,39,555	1,32,47,892	1,25,44,180	7,03,712
Miscellaneous Expenses	24,03,95,139	26,03,35,091	50,07,30,230	46,51,18,935	3,56,11,295
	31,40,59,537	56,21,56,778	87,62,16,315	82,53,95,743	5,08,20,572
Interest	19,60,75,693	43,30,42,564	62,91,18,257	56,04,27,564	6,86,90,693
Total (A)	51,01,35,230	99,51,99,342	1,50,53,34,572	1,38,58,23,307	11,95,11,265
Sales Proceeds of items manufactured during Trial Run	—	27,96,98,632	27,96,98,632	27,96,98,632	—
[Clinker Sales - Rs 8,43,25,319 (32,309MT), Cement Sales- Rs. 19,53,73,313(64,734MT)]					
Less: Excise duty		2,69,06,212	2,69,06,212	2,69,06,212	
		25,27,92,420	25,27,92,420	25,27,92,420	
Scrap Sales during trial run		88,99,947	88,99,947	88,99,947	
Total (B)	—	26,16,92,367	26,16,92,367	26,16,92,367	—
Net Pre-Operative Expenses (A-B)	51,01,35,230	73,35,06,975	1,24,36,42,205	1,12,41,30,940	11,95,11,265
Processed/Semi-Processed items transferred at the end of trial run (Schedule 14)				5,11,99,799	
Capitalised				1,07,29,31,141	
				1,12,41,30,940	



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SCHEDULE 17 (Contd.)

17.1 7.30% secured redeemable non-convertible debentures aggregating Rs. 1,00,00,00,000 (31.03.2010 Rs. - 1,00,00,00,000), privately placed (allotment date -17th November, 2009) have been redeemed at par during the year. On the aforesaid redemption, Rs. 25,00,00,000 being 25% of the aforesaid value of debentures in Debenture Redemption Reserve, has been transferred from Debenture Redemption Reserve to the Profit and Loss Account.

17.2 Short-term loans from others (Schedule 4) include :-

- (a) Zero coupon unsecured redeemable non-convertible debentures aggregating Rs. 1,10,00,00,000 (31.03.2010 - Rs.1,10,00,00,000), privately placed (allotment date 15th March, 2010) are due for redemption at par at the end of 396 days from the date of allotment.
- (b) 7.75% unsecured redeemable non convertible debentures aggregating Rs. 50,00,00,000 (31.03.2010 - Rs. 50,00,00,000) privately placed (allotment date -19th March, 2010) are due for redemption at par on 5th April,2011
- (c) 7 % unsecured redeemable non convertible debentures aggregating Rs. 1,00,00,00,000 privately placed (allotment date -17th May, 2010) are due for redemption at par at the end of 396 days from the date of allotment.

18 Pursuant to the Announcement on Accounting for Derivatives issued by the Institute of Chartered Accountants of India in March, 2008, the Company has accounted for during the year net loss amounting to Rs.5,10,63,967 (31.03.10 - Rs. 1,43,41,747) in respect of outstanding derivative contracts at the Balance Sheet date by marking them to market as indicated in Note 1 (g) above and the resultant short liability of Rs. 3,67,22,220 net of realised gain(net) of Rs. 53,28,800 during the year arising from derivative contracts are provided for and included in 'Miscellaneous Expenses' under Schedule 15 to accounts. In 2009-10, the aforesaid mark to market loss along with realised Gain (net) of Rs. 15,05,46,781 was included in Miscellaneous Income under Schedule 13 to accounts.

- 19 a) Rent expenditure (Schedule 15) includes lease payments of Rs. 85,15,640 (2009-10 - Rs. 18,19,595) relating to non-cancellable operating lease. The leasing arrangement is for three to nine years and is in respect of office premises. The significant leasing arrangement inter alia includes option for renewal.
 - (i) not later than one year - Rs. 1,25,93,640 (2009-10 - Rs. 25,68,840)
 - (ii) later than one year but not later than five years - Rs. 4,14,16,105 (2009-10 - Rs. 33,18,085)
 - (iii) later than five years - Rs. 4,12,15,264 (2009-10 - Nil)

- b) The Company has given a unit of building on operating lease to Lazarus Hospital for 5 years extendable up to 12 years on mutual consent.

Particulars	2010-2011 Rs.	2009-2010 Rs.
Gross carrying amount as on Balance Sheet date	1,98,25,540	1,89,98,720
Accumulated depreciation as on Balance Sheet date	4,15,725	1,03,226
Depreciation recognised in the Profit and Loss Account	3,12,499	1,03,226
The future minimum lease receivable under non-cancellable leases are as given below:		
(i) not later than one year	22,19,352	21,47,760
(ii) later than one year and not later than five years	66,60,383	88,79,736
(iii) later than five years	-	-

General Description of the aforesaid arrangement:

Operating leases on renting a unit of building entered into by the Company is for a fixed term of 5 years extendable up to 12 years.

20 Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 is given in Schedule 18, which forms an integral part of this Schedule.

	2010-2011	2009-2010
21 Earnings Per Share (EPS)		
Number of Ordinary Shares at the beginning of the year	4,57,43,318	4,57,43,318
Number of Ordinary Shares at the end of the year	4,57,43,318	4,57,43,318
Weighted average number of Ordinary Shares outstanding during the year (A)	4,57,43,318	4,57,43,318
Nominal value of each Ordinary Share (Rs.)	10	10
Profit/(Loss) after Tax (Rs.) (B)	(2,10,21,23,739)	2,37,33,74,177
Earnings per Share (Basic and Diluted) (Rs.) (B/A)	(45.95)	51.88



KESORAM INDUSTRIES LIMITED

SCHEDULE 17 (Contd.)

22 Information about Business segments

	2010-2011				
	Tyres	Cement	Rayon, T.P. and Chemicals	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Segment Revenue					
Sales	36,08,50,83,656	18,52,08,38,529	2,93,00,72,561	—	57,53,59,94,746
Less: Inter-segment Sales (made at cost)	—	2,81,03,445	6,87,179	—	2,87,90,624
Total	36,08,50,83,656	18,49,27,35,084	2,92,93,85,382	—	57,50,72,04,122
Segment Results [Profit/ (Loss) after considering Other Income and before interest and tax]	-1,80,62,65,882	2,74,15,26,969	9,12,39,196	-1,78,35,979	1,00,86,64,304
Interest					-2,39,82,56,794
Other unallocated expenditure (net of income)					-13,38,52,936
Profit Before Tax					-1,52,34,45,427
Segment Assets	43,72,57,67,588	17,53,97,31,470	1,22,52,34,307	7,40,36,641	62,56,47,70,006
Unallocated Assets					1,97,01,16,089
Total					64,53,48,86,095
Segment Liabilities	9,17,75,07,050	1,72,64,73,469	31,29,67,350	1,11,17,317	11,22,80,65,186
Unallocated Liabilities					40,30,43,13,128
Total					51,53,23,78,314
Segment Capital Expenditure	4,28,32,26,061	1,27,67,98,531	2,95,91,123	—	5,58,96,15,715
Unallocated Capital Expenditure					92,18,961
Total					5,59,88,34,676
Segment Depreciation and amortisation	1,65,72,50,637	1,01,69,10,265	4,72,30,929	23,91,908	2,72,37,83,739
Unallocated Depreciation and amortisation					20,79,149
Total					2,72,58,62,888
Segment non-cash expenses other than depreciation and amortisation	33,07,759	—	4,17,949	44,721	
Principal Items manufactured	Tyres, Tubes and Flaps	Cement	Viscose Filament Rayon Yarn, Cellophane Paper, Sulphuric Acid, Caustic Soda Lye, Hydrochloric Acid		

The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.



KESORAM INDUSTRIES LIMITED

SCHEDULE 17 (Contd.)

Information about Business segments

	2009-2010				
	Tyres	Cement	Rayon, T.P. and Chemicals	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Segment Revenue					
Sales	2,84,96,11,85,651	19,12,74,47,483	2,59,35,37,897	35,57,275	50,22,07,28,306
Less: Inter segment Sales (made at cost)	—	1,04,12,821	39,83,582	—	1,43,96,403
Total	2,84,96,11,85,651	19,11,70,34,662	2,58,95,54,315	35,57,275	50,20,63,31,903
Segment Results [Profit/ (Loss) after considering Other Income and before interest and tax]	76,43,10,761	4,82,09,71,708	17,78,99,742	-3,69,57,067	5,72,62,25,144
Interest					-1,09,03,12,626
Other unallocated income (net of expenditure)					11,90,30,930
Profit Before Tax					4,75,49,43,448
Segment Assets	37,34,73,70,888	17,09,78,46,912	1,24,99,61,762	7,83,36,572	55,77,35,16,134
Unallocated Assets					1,75,86,35,210
Total					57,53,21,51,344
Segment Liabilities	5,27,54,12,532	1,60,19,56,553	30,88,41,218	90,18,612	7,19,52,28,915
Unallocated liabilities					34,93,45,12,388
Total					42,12,97,41,303
Segment Capital Expenditure	12,03,95,32,246	1,40,59,59,137	5,09,86,402	33,800	13,49,65,11,585
Segment Depreciation and amortisation	80,18,07,386	87,29,68,787	4,86,48,027	24,38,553	1,72,58,62,753
Segment non-cash expenses other than depreciation and amortisation	—	—	2,51,609	—	2,51,609
Principal Items manufactured	Tyres, Tubes and Flaps	Cement	Viscose Filament Rayon Yarn, Cellophane Paper, Sulphuric Acid, Caustic Soda Lye, Hydrochloric Acid		

The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.



KESORAM INDUSTRIES LIMITED

SCHEDULE 17 (Contd.)

23 Related Party Disclosures

	2010-2011	2009-2010
I. List of Related Parties		
(a) Parties where control exists		
Joint venture	Gondkhari Coal Mining Limited	Gondkhari Coal Mining Limited
(b) Key Management Personnel	- Shri K.C.Jain (Manager)	- Shri K.C.Jain (Manager)
	- Shri D Tandon (Whole-time Director)*	- Shri D Tandon (Director)
(c) Relative of Key Management Personnel**	- Shri Sunil Jain (Son of Shri K.C.Jain)	- Shri Sunil Jain (Son of Shri K.C.Jain)
(d) Other Related Parties ***	- Syt.B.K.Birla	- Syt.B.K.Birla
	- Century Textiles & Industries Ltd.	- Century Textiles & Industries Ltd.
	- Century Enka Ltd.	- Century Enka Ltd.
	- Jay Shree Tea & Industries Ltd.	- Jay Shree Tea & Industries Ltd.
(e) Enterprise having common Key Management Personnel	- Mangalam Cement Limited	- Mangalam Cement Limited
(f) Enterprise over which person referred to in (c) above is able to exercise significant influence.	- Synergy Enterprises	- Synergy Enterprises

* Resignation accepted w.e.f. 15.04.2011

** Also proprietor of A.K. Enterprises

*** The parties stated in (d) above are Related Parties in the broader sense of the term and are included for making the financial statements more transparent.



KESORAM INDUSTRIES LIMITED

SCHEDULE 17 (Contd.)

II. Transactions Particulars

2010-2011

Related Parties referred to in

	I (a) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.	I (e) above Rs.	I (f) above Rs.
(i) Income						
Rent & other Services						
- Century Textiles & Industries Ltd.	—	—	—	31,64,243	—	—
- Century Enka Ltd.	—	—	—	3,17,192	—	—
- Jay Shree Tea & Industries Ltd.	—	—	—	1,32,997	—	—
Sales						
- Century Textiles & Industries Ltd.	—	—	—	1,37,47,784	—	—
- Jay Shree Tea & Industries Ltd.	—	—	—	7,27,052	—	—
- Century Enka Ltd.	—	—	—	13,86,004	—	—
Interest on Loan Granted						
- Gondkhari Coal Mining Ltd.	22,22,556	—	—	—	—	—
(ii) Expenditure						
Rent and Other Services						
- Century Textiles & Industries Ltd.	—	—	—	17,25,950	—	—
Commission						
- Sunil Jain/A.K. Enterprises	—	—	49,02,849	—	—	—
- Synergy Enterprises	—	—	—	—	—	64,68,014
Interest Paid						
- Sunil Jain/A.K. Enterprises	—	—	3,95,802	—	—	—
- Synergy Enterprises	—	—	—	—	—	1,28,928
- Jay Shree Tea & Industries Ltd.	—	—	—	25,40,274	—	—
Remuneration [Refer Note 7(a)(iii) above]						
- D. Tandon	—	98,40,676	—	—	—	—
- K.C. Jain	—	95,45,010	—	—	—	—
Purchases						
- Century Textiles & Industries Ltd.	—	—	—	51,54,92,371	—	—
- Century Enka Ltd.	—	—	—	2,07,19,58,639	—	—
- Mangalam Cement Limited	—	—	—	—	90,40,853	—
Directors' Fees						
- Syt. B.K.Birla	—	—	—	1,00,000	—	—



KESORAM INDUSTRIES LIMITED

SCHEDULE 17 (Contd.)

II. Transactions Particulars

		2010-2011					
		Related Parties referred to in					
		I (a) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.	I (e) above Rs.	I (f) above Rs.
(iii)	Reimbursement						
	For Expense						
	- Sunil Jain/A.K. Enterprises	—	—	23,13,773	—	—	—
	- Synergy Enterprises	—	—	—	—	—	10,05,241
	For Purchase of Asset						
	- Sunil Jain/A.K. Enterprises	—	—	45,000	—	—	—
	- Synergy Enterprises	—	—	—	—	—	37,000
(iv)	Finance & Investment						
	Security Deposit taken						
	- Sunil Jain/A.K. Enterprises	—	—	10,61,878	—	—	—
	- Synergy Enterprises	—	—	—	—	—	4,84,813
	Loan taken from Jay Shree Tea & Industries Ltd.	—	—	—	48,00,00,000	—	—
	Repayment of loan taken from Jay Shree Tea & Industries Ltd.	—	—	—	48,00,00,000	—	—
	Loan given to Gondkhari Coal Mining Ltd.	5,47,18,105	—	—	—	—	—
	Investment in Shares of:						
	- Gondkhari Coal Mining Ltd.	20 *	—	—	—	—	—
	- Mangalam Cement Ltd.	—	—	—	—	14,92,66,867 **	—
	- Manjushree Plantations Ltd (purchased from Jay Shree Tea & Industries Ltd.)	—	—	—	16,03,100	—	—
(v)	Others						
	Dividend paid						
	- Century Textiles & Industries Ltd.	—	—	—	1,17,26,000	—	—
	- Century Enka Ltd.	—	—	—	32,17,468	—	—
	- Jay Shree Tea & Industries Ltd.	—	—	—	45,50,364	—	—
	Dividend received						
	- Century Textiles & Industries Ltd.	—	—	—	1,51,03,550	—	—
	- Century Enka Ltd.	—	—	—	80,44,080	—	—
	- Mangalam Cement Ltd.	—	—	—	—	1,71,72,000	—
	- Jay Shree Tea & Industries Ltd.	—	—	—	11,64,348	—	—



KESORAM INDUSTRIES LIMITED

SCHEDULE 17 (Contd.)

II. Transactions

Particulars

2010-2011

Related Parties referred to in

	I (a) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.	I (e) above Rs.	I (f) above Rs.
Balance Outstanding at year end						
Security deposit payable						
- Sunil Jain/A.K. Enterprises	—	—	45,13,839	—	—	—
- Synergy Enterprises	—	—	—	—	—	14,27,187
Interest payable						
- Sunil Jain/A.K. Enterprises	—	—	3,56,221	—	—	—
- Synergy Enterprises	—	—	—	—	—	1,16,035
Remuneration Payable						
- Shri D.Tandon	—	8,90,400	—	—	—	—
- Shri K.C. Jain	—	8,06,400	—	—	—	—
Other payable						
- Century Textiles & Industries Ltd.	—	—	—	5,07,47,068	—	—
- Century Enka Ltd.	—	—	—	18,50,24,350	—	—
- Mangalam Cement Ltd.	—	—	—	—	4,17,750	—
- Sunil Jain/A.K. Enterprises	—	—	6,72,875	—	—	—
- Synergy Enterprises	—	—	—	—	—	28,03,062
- Jay Shree Tea & Industries Ltd.	—	—	—	284	—	—
Other receivables						
- Century Textiles & Industries Ltd.	—	—	—	35,41,636	—	—
- Century Enka Ltd.	—	—	—	2,66,000	—	—
- Jay Shree Tea & Industries Ltd.	—	—	—	9,704	—	—
- Sunil Jain/A.K. Enterprises	—	—	3,000	—	—	—
- Synergy Enterprises	—	—	—	—	—	2,00,000
- Gondkhari Coal Mining Limited						
- Towards Loan	5,47,18,105	—	—	—	—	—
- Towards Interest on above Loan	22,22,556	—	—	—	—	—
Guarantee						
- Bank Guarantee given by Company	5,39,60,000	—	—	—	—	—
Investment in shares						
- Gondkhari Coal Mining Ltd.	2,27,300	—	—	—	—	—
- Century Textiles & Industries Ltd.	—	—	—	16,92,99,738	—	—
- Century Enka Ltd.	—	—	—	12,91,29,764	—	—
- Mangalam Cement Ltd	—	—	—	—	19,58,08,367	—
- Jay Shree Tea & Industries Ltd.	—	—	—	1,18,600	—	—

* 1 Equity Share amounting Rs. 10 purchased from Shri K.C. Jain.

** 8,20,500 Equity Shares amounting Rs. 13,62,69,583 purchased from Jay Shree Tea & Industries Ltd. through Open Market on Block Deal.



KESORAM INDUSTRIES LIMITED

SCHEDULE 17 (Contd.)

II. Transactions Particulars

2009-2010

Related Parties referred to in

	I (a) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.	I (e) above Rs.	I (f) above Rs.
(i) Income						
Rent & other Services						
- Century Textiles & Industries Ltd.	—	—	—	27,14,687	—	—
- Century Enka Ltd.	—	—	—	3,22,642	—	—
Sales						
- Century Textiles & Industries Ltd.	—	—	—	1,24,94,408	—	—
- Jay Shree Tea & Industries Ltd	—	—	—	19,57,399	—	—
- Century Enka Ltd.	—	—	—	3,16,000	—	—
Interest						
- Jay Shree Tea & Industries Ltd	—	—	—	8,38,082	—	—
(ii) Expenditure						
Rent and other Services						
- Century Textiles & Industries Ltd.	—	—	—	42,25,324	—	—
- Sunil Jain/A.K. Enterprises	—	—	19,97,404	—	—	—
- Synergy Enterprises	—	—	—	—	—	37,495
Expenses reimbursed						
- Sunil Jain/A.K. Enterprises	—	—	12,65,622	—	—	—
- Synergy Enterprises	—	—	—	—	—	7,32,089
Reimbursement for Purchase of asset						
- Sunil Jain/A.K. Enterprises	—	—	31,762	—	—	—
Commission						
- Synergy Enterprises	—	—	—	—	—	52,59,128
Interest Paid						
- Sunil Jain/A.K. Enterprises	—	—	3,45,196	—	—	—
- Synergy Enterprises	—	—	—	—	—	94,237
Remuneration						
K.C. Jain	—	72,73,657	—	—	—	—
D. Tandon	—	27,59,365	—	—	—	—
Purchases						
- Century Textiles & Industries Ltd.	—	—	—	44,94,63,624	—	—
- Century Enka Ltd.	—	—	—	2,06,06,70,334	—	—
- Jay Shree Tea & Industries Ltd	—	—	—	3,54,80,918	—	—
- Mangalam Cement Ltd	—	—	—	—	3,91,73,062	—



KESORAM INDUSTRIES LIMITED

SCHEDULE 17 (Contd.)

II. Transactions Particulars	2009-2010					
	Related Parties referred to in					
	I (a) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.	I (e) above Rs.	I (f) above Rs.
Directors' Fees						
- Syt. B. K. Birla	—	—	—	1,00,000	—	—
Directors' Commission						
- Syt. B. K. Birla	—	—	—	3,00,000	—	—
(iii) Finance & Investment						
Loan Given to Jay Shree Tea & Industries Ltd.	—	—	—	23,00,00,000	—	—
Realisation of loan Given to Jay Shree Tea & Industries Ltd.	—	—	—	23,00,00,000	—	—
Investment in shares of Gondkhari Coal Mining Ltd.	2,27,280	—	—	—	—	—
(iv) Others						
Dividend paid						
- Century Textiles & Industries Ltd.	—	—	—	1,17,26,000	—	—
- Century Enka Ltd.	—	—	—	32,17,468	—	—
- Jay Shree Tea & Industries Ltd.	—	—	—	58,24,989	—	—
Dividend received						
- Century Textiles & Industries Ltd.	—	—	—	1,23,57,450	—	—
- Century Enka Ltd.	—	—	—	67,03,400	—	—
- Mangalam Cement Ltd.	—	—	—	—	1,57,41,000	—
- Jay Shree Tea & Industries Ltd.	—	—	—	5,82,174	—	—
(v) Balance outstanding at year end						
Security deposit payable						
- Sunil Jain/A.K. Enterprises	—	—	34,51,961	—	—	—
- Synergy Enterprises	—	—	—	—	—	9,42,374
Directors' Commission						
- Syt. B.K. Birla	—	—	—	3,00,000	—	—
Interest payable						
- Sunil Jain/A.K. Enterprises	—	—	3,10,676	—	—	—
- Synergy Enterprises	—	—	—	—	—	84,813
Other payable						
- Century Textiles & Industries Ltd.	—	—	—	3,22,07,437	—	—
- Century Enka Ltd.	—	—	—	26,20,80,627	—	—



KESORAM INDUSTRIES LIMITED

SCHEDULE 17 (Contd.)

II. Transactions Particulars

2009-2010

Related Parties referred to in

	I (a) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.	I (e) above Rs.	I (f) above Rs.
- Sunil Jain/A.K. Enterprises	-	-	4,26,401	-	-	-
- Synergy Enterprises	-	-	-	-	-	15,74,308
Other receivables						
- Century Textiles & Industries Ltd.	-	-	-	40,83,142	-	-
- Mangalam Cement Ltd.	-	-	-	-	43,78,643	-
- Jay Shree Tea & Industries Ltd.	-	-	-	3,25,513	-	-
- Sunil Jain/A.K. Enterprises	-	-	3,000	-	-	-
- Gondkhari Coal Mining Limited	15,10,765	-	-	-	-	-
Investment in Shares						
- Gondkhari Coal Mining Limited	2,27,280	-	-	-	-	-
- Century Textiles & Industries Ltd.	-	-	-	16,92,99,738	-	-
- Century Enka Ltd.	-	-	-	12,91,29,764	-	-
- Mangalam Cement Ltd	-	-	-	-	4,65,41,500	-
- Jay Shree Tea & Industries Ltd.	-	-	-	1,18,600	-	-
				31st March, 2011 Rs.	31st March, 2010 Rs.	
24 Shares of Jay Shree Tea & Industries Ltd. held by the Company at face value being bonus shares remaining unclaimed.				1,57,260	1,57,260	
25 Certain records/documents pertaining to production, raw materials, purchase records etc. of the Company's Assam Cotton Mills Unit were seized by the Excise Authorities and are presently not available with the Company.						
26 Previous year's figures have been regrouped or rearranged where considered necessary.						

B. K. Birla | *Chairman*

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants

(Prabal Kr. Sarkar)
Partner
Membership No. 52340

K. C. Jain
Whole-time Director

S. K. Patodia
Secretary

K. G. Maheshwari
B. P. Bajoria
P. K. Choksey
Amitabha Ghosh
P. K. Mallik
Manjushree Khaitan

Directors

Kolkata,
28th April, 2011



KESORAM INDUSTRIES LIMITED

SCHEDULE 18 (Notes 20 on Schedule 17)

INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

(1) Particulars in respect of goods manufactured :

Manufacturing Section	Class of goods manufactured	CAPACITY		Unit	PRODUCTION (Meant for Sale)	
		Licensed 2010-2011 (Same as 2009-2010 except otherwise indicated)	Installed (a) 2010-2011 (Same as 2009-2010 except otherwise indicated)		2010-2011	2009-2010
Cement - At Basantnagar At Sedam	Cement	Not Applicable	15,00,000 M. Tons	M.T.	11,50,486 *	13,78,833 *
	Cement	Not Applicable	57,50,000 M. Tons	M.T.	42,77,698 *	41,26,763 * (excluding 76,610 MT produced during trial run)
Rayon & Transparent Paper	(i) Carbon-di-Sulphide	3,603 M. Tons per year	3,600 M. Tons per year	M.T.	4,560 *	4,803 *
	(ii) Cellophane Paper					
	(iii) (Transparent Cellulose Film)	150 M. Tons per month	3,600 M. Tons per year	M.T.	2,417 *	2,231 *
	(iv) Sodium Sulphate	5,311 M. Tons per year	5,500 M. Tons per year	M.T.	6,843 *	6,971 *
	(v) Sodium Sulphide	70 M. Tons per year	187 M. Tons per year	M.T.	29	8
	(vi) Sulphuric Acid	22,530 M. Tons per year	36,500 M. Tons per year	M.T.	40,136 *	37,879 *
Spun Pipes & Foundries	Viscose Filament					
	Rayon Yarn	10 Tons per day	6,500 M. Tons per year	M.T.	7,656	7,898
Tyre	Cast Iron Spun Pipes & Pipe Fittings	45,000 M. Tons per year	45,000 M. Tons per year	M.T.	-	-
	(i) Tyres	Not applicable	1,21,02,000 Nos. per year	No.	63,62,008	44,98,207
	(ii) Tubes	Not applicable	29,50,000 Nos. per year	No.	62,90,029	43,21,707
	(iii) Flaps	Not applicable	15,25,000 Nos. per year	No.	26,28,411	26,44,252
					(including 38,78,497 nos. manufactured by contract manufacturer)	(including 17,16,681 nos. manufactured by contract manufacturer)
					(including 19,11,841 nos. manufactured by contract manufacturer)	(including 16,18,935 nos. manufactured by contract manufacturer)



KESORAM INDUSTRIES LIMITED

SCHEDULE 18 (Contd.)

(1) Particulars in respect of goods manufactured : (Contd.)

Manufacturing Section	Class of goods manufactured	CAPACITY		Unit	PRODUCTION (Meant for Sale)	
		Licensed 2010-2011 (Same as 2009-2010 except otherwise indicated)	Installed (a) 2010-2011 (Same as 2009-2010 except otherwise indicated)		2010-2011	2009-2010
Hindusthan Heavy Chemicals	(i) Caustic Soda Lye (100%)	15,120 M. Tons per year	12,410 M. Tons per year	M.T.	5,354 *	11,663 *
	(ii) Liquid Chlorine	6,000 M. Tons per year	5,045 M. Tons per year	M.T.	2,291 *	4,831 *
	(iii) Sodium Hypochlorite	16,500 M. Tons per year	6,205 M. Tons per year	M.T.	1,274	2,686
	(iv) Hydrochloric Acid (100%)	9,750 M. Tons per year	8,200 M. Tons per year	M.T.	2,404 *	5,373 *
	(v) Ferric Alum (including Alum Liquor)	3,200 M. Tons per year	3,200 M. Tons per year	M.T.	—	—
	(vi) Sulphuric Acid (including Battery Grade)	20,400 M. Tons per year	18,700 M. Tons per year	M.T.	13,912 *	19,061 *
	(vii) Purified Hydrogen Gas	30,24,000 M ³ per year	16,20,000 M ³ per year	M ³	3,98,446 *	7,53,453 *

* Production is inclusive of internal consumption.

(a) Installed capacities have been certified by the Company's Technical Experts. Furthermore, the installed capacity of the Transparent Paper Section is also as per Company's application to the Government of India for C.O.B. Licence.



KESORAM INDUSTRIES LIMITED

SCHEDULE 18 (Contd.)

(2) Particulars in respect of stocks and sales of goods manufactured/traded :

	Stock as at 31.03.2009			Stock as at 31.03.2010			Sales				
	Unit	Stock as at 01.04.2010		Stock as at 31.03.2011		Quantity	Value Rs.	Quantity	Value Rs.		
		Quantity	Value Rs.	Quantity	Value Rs.						
Cement - At Basantnagar	M.T.	6,129	1,18,77,374	17,858	3,79,37,059	16,222	3,91,88,380	11,37,980 (Excluding internal consumption of 14,142 MT)	3,55,70,22,167	13,66,359 (Excluding internal consumption of 745 MT)	4,17,12,74,801
		35,627	6,87,28,624	83,042	17,58,19,228	97,075	24,93,51,643	42,50,003 (Excluding internal consumption of 13,662 MT)]	14,39,86,63,204	40,76,620 (Excluding internal consumption of 14,604 MT and sale during trial run of 64,734 MT)	13,91,33,34,487
Carbon-di-Sulphide	M.T.	186	46,39,175	129	27,11,598	155	45,34,337	1,868 (Excluding internal consumption of 2,666 MT)	6,64,23,515	2,203 (Excluding internal consumption of 2,657 MT)	6,87,09,567
Cellophane Paper (Transparent Cellulose Film)	M.T.	384	7,64,50,996	216	4,15,79,030	40	73,63,898	2,592 (Excluding internal consumption of 1 MT)	51,56,83,182	2,398 (Excluding internal consumption of 1 MT)	45,02,89,460
Sodium Sulphate	M.T.	20	1,18,175	226	13,16,229	524	37,08,187	6,540 (Excluding internal consumption of 5 MT)	6,20,95,691	6,761 (Excluding internal consumption of 4 MT)	5,93,24,860
Sodium Sulphide	M.T.	1	9,836	—	—	—	—	29	7,12,679	9	1,03,550
Sulphuric Acid	M.T.	329	6,58,252	358	4,98,832	244	5,97,331	31,549 (Excluding internal consumption of 8,701 MT)	17,27,93,504	29,048 (Excluding internal consumption of 8,802 MT)	7,22,52,868
Viscose Filament Rayon Yarn	M.T.	333	6,88,54,901	308	6,67,09,621	173	4,01,13,042	7,791	1,92,37,46,599	7,923	1,71,52,40,058



KESORAM INDUSTRIES LIMITED

SCHEDULE 18 (Contd.)

(2) Particulars in respect of stocks and sales of goods manufactured/traded : (Contd.)

	Stock as at 31.03.2009				Stock as at 31.03.2010				Sales			
	Stock as at 31.03.2009		Stock as at 31.03.2010		Stock as at 01.04.2010		Stock as at 31.03.2011		2010-2011		2009-2010	
	Unit	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	
Cast Iron Spun Pipes & Pipe Fittings	M.T.	854	3,70,357	692	3,70,357	692	3,70,357	-	-	162	35,57,275	
	Pcs.	3,813	6,082	3,813	6,082	3,813	6,082	-	-	-	-	
	No.	48	5,74,169	145	15,86,153	76	8,31,363	69	7,54,790	1,266	1,41,29,405	
	Tyres, Tubes & Flaps (Set) purchased											
Tyres	No.	1,75,738	1,19,19,54,068	6,29,120	2,10,24,51,524	8,42,971	3,09,00,12,620	61,48,157	32,60,09,48,068	40,44,825	25,51,57,03,769	
Tubes	No.	2,89,193 [Including 42,738 nos. (Rs.4,12,98,211) Purchased]	18,13,26,703	9,19,636 [Including 64,749 nos. (Rs.5,03,03,597) Purchased]	33,35,40,387 [Including 13,379 nos. (Rs.1,68,24,880) Purchased]	13,22,048	39,00,75,416	60,32,519 [Including 1,92,672 nos. (Rs.18,22,08,455) on sale of Purchased]	2,83,64,83,759	39,34,503 [Including 2,21,228 nos. (Rs.17,73,63,375) on sale of Purchased]	2,23,76,45,461	
Flaps	No.	1,86,046 [Including 43,485 nos. (Rs.96,41,099) Purchased]	3,80,41,894	3,79,288 [Including 55,768 nos. (Rs.1,19,54,065) Purchased]	8,21,92,333 [Including 9,257 nos. (Rs.31,09,071) Purchased]	3,98,952	10,19,68,881	29,78,180 [Including 4,15,944 nos. (Rs.11,47,52,131) on sale of Purchased]	64,68,97,039	30,87,950 [Including 6,24,657 nos. (Rs.12,97,98,973) on sale of Purchased]	58,06,06,410	
Caustic Soda Lye (100%)	M.T.	57	12,45,102	75	17,42,374	28	6,32,171	2,691 (Excluding internal consumption of 2,710 MT)	6,05,33,468	4,826 (Excluding internal consumption of 6,819 MT)	11,53,33,431	
Liquid Chlorine	M.T.	26	30,590	38	1,45,796	69	3,93,601	2,224 (Excluding internal consumption of 36 MT)	1,49,53,158	4,760 (Excluding internal consumption of 59 MT)	1,60,91,306	
Sodium Hypochlorite	M.T.	34	57,184	24	37,624	43	67,242	1,255	20,29,930	2,696	41,89,955	



KESORAM INDUSTRIES LIMITED

SCHEDULE 18 (Contd.)

(2) Particulars in respect of stocks and sales of goods manufactured/traded : (Contd.)

	Stock as at 31.03.2009			Stock as at 31.03.2010			Sales		
	Unit	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
Stock as at 01.04.2010									
Hydrochloric Acid (100%)	M.T.	58	71,738	20	40,373	12	36,835	2,301 (Excluding internal consumption of 111 M.T.)	2,64,30,043
								5,089 (Excluding internal consumption of 332 MT)	2,33,01,816
Sulphuric Acid (including Battery Grade)	M.T.	159	4,96,394	142	4,75,029	95	3,78,588	13,388 (Excluding internal consumption of 571 M.T.)	7,35,85,340
								17,985 (Excluding internal consumption of 1,093 MT)	4,95,73,140
Purified Hydrogen Gas	M ³	7,587	78,905	7,915	95,717	8,432	1,55,033	3,97,652 (Excluding internal consumption of 277 M ³)	99,91,887
								7,52,690 (Excluding internal consumption of 435 M ³)	1,51,44,304
Others			3,84,55,266		5,84,95,337		—		53,74,56,099
			1,68,40,45,785		2,90,77,50,683		3,92,97,85,007		57,50,72,04,122
									1,18,05,25,980
									50,20,63,31,903



KESORAM INDUSTRIES LIMITED

SCHEDULE 18 (Contd.)

(3) Consumption of Raw Materials :

Manufacturing Section	Class of Materials	Unit	2010-2011		2009-2010	
			Quantity	Value Rs.	Quantity	Value Rs.
Cement -						
At Basantnagar	Limestone	M.T.	12,75,000	42,63,22,928	15,65,000	38,30,76,177
	Bauxite/ Laterite/ Hematite	M.T.	76,786	8,03,51,548	1,00,881	9,06,51,896
	Gypsum	M.T.	33,444	5,78,75,773	36,993	6,11,72,968
	Fly Ash	M.T.	2,39,174	6,12,42,599	2,69,812	5,26,46,531
At Sedam	Limestone	M.T.	54,53,666	56,65,17,036	57,83,419	50,40,96,852
	Bauxite/ Laterite/ Hematite	M.T.	3,48,181	18,77,26,066	3,81,724	21,68,51,329
	Gypsum	M.T.	1,31,638	28,95,60,988	1,19,725	23,26,92,257
	Fly Ash	M.T.	4,31,999	15,01,73,093	3,68,327	11,76,65,222
Rayon & Transparent Paper	Wood Pulp	M.T.	10,378	65,55,88,573	10,364	53,97,06,438
	Caustic Soda	M.T.	4,038	8,76,97,081	240	50,50,576
	Sulphur	M.T.	17,695	16,68,85,987	17,413	9,46,46,302
	Sundries			3,82,45,600		3,76,71,221
Tyre	Natural Rubber	M.T.	72,026	13,02,31,22,223	76,395	8,47,21,46,802
	Synthetic Rubber	M.T.	26,993	4,33,98,78,116	21,518	2,93,63,29,510
	Carbon Black	M.T.	48,299	2,87,30,66,140	48,002	2,54,52,24,531
	Fabric	M.T.	17,492	4,28,14,82,793	19,660	4,29,09,20,616
	Other Chemicals and Sundries			3,96,42,05,200		3,03,06,57,219
Hindusthan Heavy Chemicals	Salt	M.T.	9,613	2,48,23,128	21,400	6,60,65,485
	Hydrated Lime (90%)	M.T.	176	10,04,455	260	13,49,046
	Sulphur	M.T.	4,691	4,11,53,479	6,489	3,80,23,359
	Sundries			30,28,295		52,91,723
				31,31,99,51,101		23,72,19,36,060



KESORAM INDUSTRIES LIMITED

SCHEDULE 18 (Contd.)

(4) Value of Imported and Indigenous Raw Materials, Stores, Spare Parts and Components consumed during the year :

	2010-2011				2009-2010			
	Raw Materials		Stores, Spare Parts & Components		Raw Materials		Stores, Spare Parts & Components	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Imported	10,62,14,84,556	33.91	7,72,04,865	0.96	4,83,95,84,471	20.40	9,37,79,654	1.07
Indigenous	20,69,84,66,545	66.09	7,93,82,39,059	99.04	18,88,23,51,589	79.60	8,69,26,88,952	98.93
	<u>31,31,99,51,101</u>	<u>100.00</u>	<u>8,01,54,43,924</u>	<u>100.00</u>	<u>23,72,19,36,060</u>	<u>100.00</u>	<u>8,78,64,68,606</u>	<u>100.00</u>

(5) Value of Imports (C.I.F Basis) during the year :

	2010-2011 Rs.	2009-2010 Rs.
Raw Materials	8,59,22,23,944	4,39,93,17,571
Components and Spare Parts (including Stores)	11,32,47,683	10,77,88,848
Capital Goods	1,42,44,61,345	3,24,70,58,507
	<u>10,12,99,32,972</u>	<u>7,75,41,64,926</u>

(6) Expenditure in Foreign Currency during the year (on payment basis) :

	2010-2011 Rs.	2009-2010 Rs.
Technical Service Fees	6,30,18,107	6,04,85,577
Commission, Brokerage and Discount	20,41,902	11,04,653
Interest	24,17,24,654	36,94,29,138
Miscellaneous (Travelling, Listing fees etc.)	4,03,46,537	2,83,72,150

(7) Earnings in Foreign Exchange during the year :

Exports (excluding export to Nepal and Bhutan) of goods [F.O. B. - Realisation basis]	3,39,31,61,625	3,75,03,67,020
---	----------------	----------------

(8) Remittances in Foreign Currency on account of Dividend :

Financial Year	On Account of	Number of non-resident Shareholders	Number of Shares held	Dividend Rs.
2010-2011	2009-2010	2	73,41,875	2,38,61,094
	Final			
	2010-2011	2	73,41,875	1,65,19,219
	Interim			
2009-2010	2008-2009	2	73,41,875	2,38,61,094
	Final			
	2009-2010	1	70,41,875	1,58,44,219
	Interim			

Signature to Schedule 18

B. K. Birla | *Chairman*

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants

(Prabal Kr. Sarkar)
Partner
Membership No. 52340

K. C. Jain
Whole-time Director

S. K. Patodia
Secretary

K. G. Maheshwari
B. P. Bajoria
P. K. Choksey
Amitabha Ghosh
P. K. Mallik
Manjushree Khaitan

Directors

Kolkata,
28th April, 2011



KESORAM INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011 Rs.	2009-2010 Rs.
A. Cash Flow from Operating Activities		
Net Profit/(-) Loss Before Tax	-1,52,34,45,427	4,75,49,43,448
Adjustment for :		
Depreciation	2,72,58,62,888	1,72,80,03,438
Loss/(-) Profit on Fixed Assets sold/discarded (net)	-2,20,48,332	26,23,824
Diminution in value of Long-term Investments (other than trade)	16,03,100	—
Profit on sale of Long-term Investments (other than trade)	-6,80,56,300	—
Profit on sale of Current Investments (other than trade)	-1,14,412	-42,250
Income from Long-term Investments (other than trade)	-5,17,56,644	-4,74,18,383
Dividend from Current Investments (other than trade)	-15,11,488	-46,55,917
Borrowing Cost [including interest Rs. 2,30,18,58,535/- (Previous Year 1,09,03,12,626)] paid/payable on loans	2,58,17,78,164	1,25,11,07,404
Interest received/receivable on loans, deposits etc.	-90,98,636	-88,53,852
Provision for doubtful debts	17,64,095	2,51,609
Debts/Advances/Deposits written off	57,66,334	—
Liabilities no longer required written back	-79,71,796	-2,07,22,174
Unrealised Loss/(-) Gain on derivative contracts (net)	3,67,22,220	-15,92,70,523
Unrealised Loss/(-) Gain on foreign currency fluctuation (net)	-13,44,98,745	-14,05,95,767
Operating profit before working capital changes	3,53,49,95,021	7,35,53,70,857
Adjustment for :		
Inventories	-2,02,35,43,064	-3,27,13,28,413
Trade and other receivables	-1,65,28,53,037	-2,36,09,35,689
Trade Payables	2,23,13,22,756	1,88,51,60,479
Cash generated from operations	2,08,99,21,676	3,60,82,67,234
Direct Taxes Paid (net of refund)	-35,87,74,926	-1,04,28,07,755
Net cash from operating activities	1,73,11,46,750	2,56,54,59,479
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	-5,62,39,34,645	-12,58,46,26,265
Proceeds from sale of Fixed Assets	4,12,51,819	61,37,205
Trade investment in Joint Venture	-20	-2,27,280
Purchase of Long-term Investments (other than trade)	-21,22,40,281	-2,23,00,000
Purchase of Current Investments (other than trade)	-6,28,17,44,485	-11,48,03,85,394
Proceeds from sale of Current Investments (other than trade)	6,28,18,58,897	11,48,04,27,644
Proceeds from sale of Long-term Investments (other than trade)	13,48,76,221	—
Income from Long-term Investments (other than trade)	5,17,56,644	4,74,18,383
Dividend from Current Investments (other than trade)	15,11,488	46,55,917
Loans taken	48,00,00,000	—
Loans repaid	-48,00,00,000	—
Loans given	-5,47,18,105	-23,04,00,000
Realisation of loans given	50,00,000	25,00,00,000
Interest received on loans, deposits etc.	1,21,67,248	59,43,472
Net cash used in investing activities	-5,64,42,15,219	-12,52,33,56,318



KESORAM INDUSTRIES LIMITED

CASH FLOW STATEMENT (Contd.)

	2010-2011 Rs.	2009-2010 Rs.
C. Cash Flow from Financing Activities :		
Proceeds from -		
Long-term borrowings	12,49,22,70,623	14,83,36,10,022
Short-term borrowings	98,82,27,86,258	67,70,96,56,040
Repayment of -		
Long-term borrowings	-7,77,82,87,631	-9,61,46,71,768
Short-term borrowings	-96,79,12,08,513	-60,71,83,45,761
Increase/(-) Decrease in cash credit and overdrafts from banks	-11,84,16,482	6,74,05,843
Borrowing cost paid	-2,49,04,63,846	-1,79,13,54,465
Dividends paid during the year (including taxes thereon)	-29,16,56,384	-29,25,41,324
Net Cash from financing activities	3,84,50,24,025	10,19,37,58,587
Net increase in Cash and Cash Equivalents	-6,80,44,444	23,58,61,748
Opening Cash and Cash Equivalents	80,44,88,277	56,85,52,594
Cash and Cash equivalents consequent to amalgamation	—	73,935
Closing Cash and Cash Equivalents (Note 2)	73,64,43,833	80,44,88,277

Notes :

- The above cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 on Cash flow statements.

	31 st March, 2011 Rs.	31 st March, 2010 Rs.
2. Cash and Cash Equivalents comprise:		
Cash in Hand	52,31,923	36,27,459
With Scheduled Banks on -		
Current Account	69,52,47,604	78,11,08,183
Dividend Account		
Unpaid Dividend Account	1,83,34,306	1,66,16,447
Term Deposit Account	1,76,25,000	31,31,188
With Post Office Savings Bank Account	5,000	5,000
	73,64,43,833	80,44,88,277

This is the Cash Flow Statement referred to in our report of even date.

B. K. Birla | *Chairman*

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants

(Prabal Kr. Sarkar)

Partner

Membership No. 52340

K. C. Jain
Whole-time Director

S. K. Patodia

Secretary

K. G. Maheshwari
B. P. Bajoria
P. K. Choksey
Amitabha Ghosh
P. K. Mallik
Manjushree Khaitan

Directors

Kolkata,
28th April, 2011



KESORAM INDUSTRIES LIMITED

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration Number	3429
State Code	21
Balance Sheet Date	31 st March, 2011
	(Amount in Rs. Thousands)

2. Capital raised during the year

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

3. Position of mobilisation and deployment of funds

Total Liabilities [excluding shareholders funds and including Deferred tax liability (Net) Rs. 38,64,234 thousands]	5,15,32,378
Total Assets (excluding Deferred tax assets)	6,45,34,886

Sources of Funds

Paid up Capital	4,57,416
Reserves & Surplus	1,25,45,091
Secured Loan	2,37,18,316
Unsecured Loan	1,62,74,448

Application of Funds

Net Fixed Assets	4,12,95,328
Investments`	6,58,154
Current Assets (net of current liabilities and provisions Rs. 76,75,380 thousands)	1,49,06,023
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

4. Performance of the Company

Turnover (including other income)	5,55,95,007
Total Expenditure	5,71,18,453
Loss before Tax	(15,23,445)
Loss After Tax	(21,02,124)
Earning per Share (Rs.)	(45.95)
Interim Dividend Rate (%) [on Ordinary Shares]	22.5
Dividend Rate (%) [on Ordinary Shares]	32.5



KESORAM INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Contd.)

5. Generic Names of principal products, services of the Company (as per monetary terms)

(i)	Item Code No.	324101000.00
	Product Description	Portland Cement
(ii)	Item Code No.	540331.00
	Product Description	Artificial Filament Viscose Rayon Yarn
(iii)	Item Code No.	401121.00
	Product Description	Automobile Tyres (for bus & lorry)
(iv)	Item Code No.	401310.02
	Product Description	Automobile Tubes (for bus & lorry)
(v)	Item Code No.	401290.04
	Product Description	Automobile Flaps (for bus & lorry)

KESORAM INDUSTRIES LIMITED

Regd. Office: 8th Floor, 9/1, R.N. Mukherjee Road, Kolkata – 700 001

ATTENDANCE SLIP

(TO BE SIGNED AND HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I/We hereby record my/our presence at the ANNUAL GENERAL MEETING of the above named Company at 'KALA KUNJ', 48, Shakespeare Sarani, Kolkata - 700 017 at 11.00 a.m. on Tuesday, the 5th July, 2011.

NAME(S) OF THE MEMBER(S)

Registered Folio No. :

DP-ID No. :

CL-ID No. :

Name of Proxy (in block letter)

(To be filled in if the Proxy attends instead of the Member)

Member's/Proxy's Signature

Note : The copy of the Annual Report may please be brought to the Meeting Hall.

KESORAM INDUSTRIES LIMITED

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

PROXY FORM

Registered Folio No..... DP-ID No. CL ID No.....

I/We.....

of.....

being a member/members of the above named Company, hereby appoint

..... of.....

or failing him.....

of

as my/our proxy to attend and vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held at 11.00 a.m. on Tuesday, 5th July, 2011 and at any adjournment thereof.

As WITNESS my/our hand(s) this day of 2011.

Signed.....

Revenue
Stamp 15
Paise

Note: Proxy Form duly completed must reach the Company's Registered Office not less than **48 hours** before the time for holding the Meeting.







KESORAM INDUSTRIES LIMITED



B K BIRLA GROUP OF COMPANIES

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

Atlas, the Titan - Collective Strength

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

The Sun - Enlightenment and Growth

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

The Earth Segments - Diversified Activities

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

The Globe - Global Vision

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

The Base - Solid Foundations

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

The Symmetry - The Resilience, Versatility and Stability

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

Strong Foundation

Sustained Growth

Proven Leadership



KESORAM INDUSTRIES LIMITED

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