



**93<sup>rd</sup>**

# **Annual Report & Accounts**

**2011-12**



**KESORAM INDUSTRIES LIMITED**





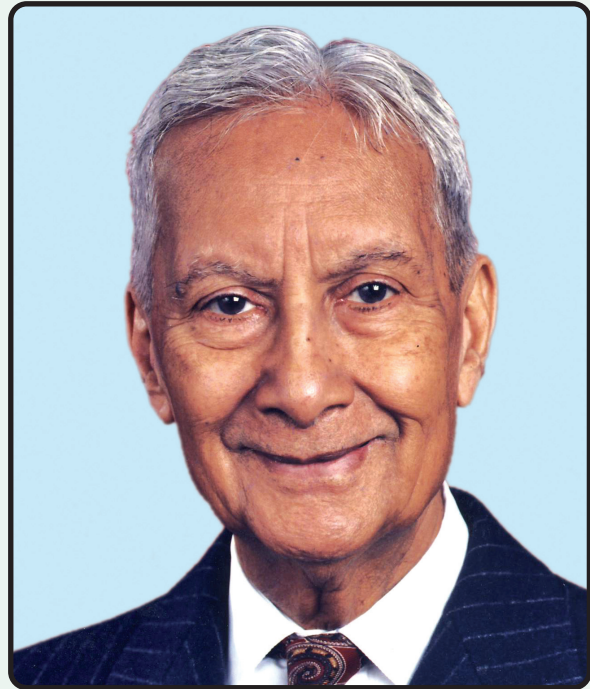
## Chairman's Message

Much has changed over the last year. The world economy continues its sluggish journey greatly influenced by European concerns. At home we see rising inflation, a depreciating currency and rising cost of inputs coupled with purchasers resistant to price increases.

Such times require us to revisit our strategy, which has brought us great benefits over more than ninety years. Changes have been undertaken to respond to today's needs and I am happy that indications are positive.

Our cement business continues to perform well despite the ups and downs that are inherent in the market. The tyre business is under a new senior management team and is beginning to show signs of recovering from the difficulties faced for almost two years now.

Success in the years ahead will be determined by the readiness to anticipate and be proactive to the fast changing business and regulatory environment while remaining fully committed to our corporate and social responsibility. This will ensure a beneficial experience for all our stakeholders: shareholders, customers, employees, bankers, dealers and suppliers.



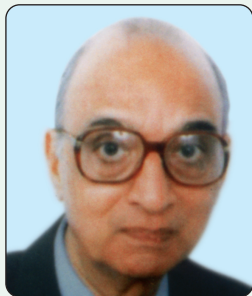
**Basant Kumar Birla**



## Board of Directors



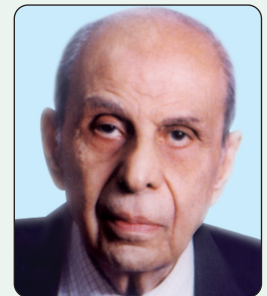
**Shri Basant Kumar Birla, Chairman**



**Shri Krishna Gopal Maheshwari**



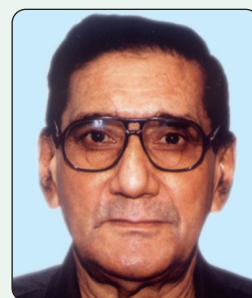
**Smt. Manjushree Khaitan**



**Shri Pesi Kushru Choksey**



**Shri Amitabha Ghosh**



**Shri Prasanta Kumar Mallik**



**Shri Vinay Sah**



**Shri Kashi Prasad Khandelwal**



**Shri K.C.Jain  
Whole-time Director**



## Team of Executives

### CORPORATE OFFICE

**Shri Gautam Ganguli**

Company Secretary

**Shri Suresh Sharma**

Sr. Joint President, Commercial

**Shri U. S. Asopa**

Chief Financial Officer & Sr. Joint President, Finance

**Shri Yashwant Mishra**

Sr. Joint President, Marketing-Cement

### BIRLA TYRES

Shri Arvind Singh, Chief Executive Officer  
Shri Vinai Hudda, Chief Production Officer  
Shri Sanjiv Sinha, Head Sales, Truck & Bus  
Shri Debmalya Das, Chief Procurement Officer and  
Supply Chain Officer  
Shri Ashok Ganguly, Chief Marketing Officer

### CEMENT

**VASAVADATTA**

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, Sales & 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

Shri Sachin Saxena, Chief Executive Officer  
Shri J.P. Bohra, Sr. Joint President  
Shri A.K. Kejriwal, Sr. Vice President, Marketing

### KESORAM

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



# KESORAM INDUSTRIES LIMITED

## Registered Office

8th Floor, Birla Building  
9/1, R. N. Mukherjee Road, Kolkata - 700 001  
Phone No. : +91 33-22435453/22429454  
Fax No. : +91 33-22109455  
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  
Syndicate Bank  
The Hongkong & Shanghai Banking Corpn. Ltd.  
The Royal Bank of Scotland N.V.  
The South Indian Bank 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 Nos. : +91 33-24541892 to 93  
Fax No. : + 91 33-24541961  
E-mail : mcskol@rediffmail.com

Members seeking any information on the Annual Report & Accounts are requested to send their queries to the Company at least ten days before the date of the Meeting.

Members are requested to bring their copies of Annual Report to the Meeting.



## CONTENTS

Notice .....	06
Directors' Report .....	12
Management Discussion and Analysis .....	18
Corporate Governance Report .....	21
Statement on Conservation of Energy, etc. ....	35
Summarised Balance Sheet of the last five years .....	40
Summarised Statement of Profit & Loss for the last five years .....	41
Auditor's Report .....	42
Balance Sheet .....	48
Statement of Profit & Loss .....	49
Cash Flow Statement .....	50
Notes .....	52



## NOTICE

NOTICE is hereby given that the Ninety-third Annual General Meeting of KESORAM INDUSTRIES LIMITED will be held at 11:00 A.M. on Wednesday, the 11<sup>th</sup> July, 2012 at “Kala-Kunj”, 48, Shakespeare Sarani, Kolkata -700017, to transact the following business:

### A. Ordinary Business :

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2012, the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a Dividend on Ordinary Shares.
3. To appoint a Director in place of Smt. Manjushree Khaitan who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint Auditors and fix their remuneration.

### B. Special Business:

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

5. “**RESOLVED THAT** Shri Vinay Sah, who was appointed an Additional Director on 3<sup>rd</sup> November, 2011, be and is hereby appointed as a Director of the Company liable to retirement by rotation.”
6. “**RESOLVED THAT** Shri Kashi Prasad Khandelwal, who was appointed a Director on 10<sup>th</sup> April, 2012 in the casual vacancy caused by the demise of B P Bajoria, be and is hereby appointed as a Director of the Company liable to retirement by rotation.”
7. “**RESOLVED THAT** in supersession of the earlier Resolution passed in this behalf, 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, or any Committee thereof, to borrow from time to time all such sums of money as they may deem requisite for the purposes of the business of the Company notwithstanding that the money to be borrowed together with the money already borrowed (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 ₹ 6,000 Crore (Rupees Six Thousand Crore only) at any one point of time.”
8. “**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 of the Company or any Committee thereof (“the Board”), 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 of money borrowed or to be borrowed aggregating to ₹ 6,000 Crore (Rupees Six Thousand Crore only) by the Company from Banks and other Institutions etc.;





# KESORAM INDUSTRIES LIMITED

**RESOLVED FURTHER** that the Board (including any Director/ Executive so authorised in this behalf) be and is hereby authorised to finalise and execute such agreements, deeds, documents, instruments and writings including, without limitation, Debenture Trust Deeds, Promissory Notes, Deposit Receipts, for creating the aforesaid mortgage and/or hypothecation, charge and other encumbrances, if any, by the Company and to do all such acts, deeds, and things as may be deemed necessary to give effect to this Resolution.”

**To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:**

9. **“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 311 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), including any amendments to, or re-enactment thereof, and subject to such approvals, if any, as may be necessary including that of the Central Government, the Company hereby approves the re-appointment of Shri K.C.Jain as a Whole-time Director for a period of three years effective 1<sup>st</sup> April, 2012 upon terms as to remuneration as set out herein below with liberty to the Board of Directors, including a Committee thereof, to alter the terms in such manner as may be in the best interest of the Company, subject, however, to the provisions of the Act, *viz* :

- a) *Basic Salary & Allowances* : not exceeding ₹ 25,00,000 per month as may be fixed by the Board of Directors, including any Committee thereof, from time to time.
- b) *Perquisites* :
  - i) House Rent Allowance, Ex-gratia, reimbursement of Leave Travel & Medical expenses for self and family: As per the Rules of the Company;
  - ii) Company’s contribution towards Provident Fund & Superannuation Fund, Leave with full pay and allowances/encashment and Gratuity : As per the Rules of the Company;
  - iii) Car : Chauffeur driven car to be provided and maintained by the Company in relation to the Company’s business. Any personal use of car to be billed separately by the Company;
  - iv) Communication facility at residence: Telephone, telefax and other modern communication facilities at residence in relation to the business of the Company. Any personal usage will, however, be to the account of the individual.
- c) So long as Shri Jain functions as a Whole-time Director, he will not be subject to retirement by rotation and shall not be paid any fees for attending Meetings of the Board or any Committee thereof.
- d) In the event of loss/inadequacy of profits during his tenure, the above remuneration including perquisites will be payable as minimum remuneration subject to the approval of the Central Government, if required or necessary;

**RESOLVED FURTHER** that the appointment shall be terminable in the following manner *viz* :

- (a) by efflux of time ; or
- (b) by one party serving the other a three months’ written notice ; or
- (c) by one party paying the other three months’ remuneration as notice pay.”

**Registered Office:**  
9/1, R. N. Mukherjee Road,  
Kolkata - 700 001  
28<sup>th</sup> April, 2012

**By Order of the Board**  
**Gautam Ganguli**  
*Company Secretary*



## Notes:

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and a proxy need not be a Member of the Company. The Instrument of Proxy must be lodged with the Company not less than 48 hours before the Meeting.
2. The Register of Members shall remain closed from 30<sup>th</sup> June, 2012 to 11<sup>th</sup> July, 2012 (*both days inclusive*).
3. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 (“the Act”) in respect of the items of Special Business is annexed hereto.
4. A Dividend of ₹ 1.00 per Ordinary Share of ₹ 10, as recommended by the Board, if declared at the forthcoming Annual General Meeting, will be paid, subject to the provisions of Section 206A of the Act, on or after 18<sup>th</sup> July, 2012, to those Members or their mandatees whose names stand registered in the Company’s Register of Members:

(a) as Beneficial Owners as at close of business on 29<sup>th</sup> June, 2012 as per the lists to be furnished by **National Securities Depository Limited** and **Central Depository Services (India) Limited** in respect of shares held in **electronic form**, and;

(b) as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the **Company** or the **Share Transfer Agents** on or before 29<sup>th</sup> June, 2012. Instruments of Share Transfers, complete in all respects, should reach the **Share Department of the Company** at 9/1, R. N. Mukherjee Road, Kolkata-700 001 or the **Share Transfer Agents i.e. MCS Ltd., Unit: Kesoram Industries Ltd., 77/2A, Hazra Road, Kolkata-700 029** well before the Book Closure date.

5. In order to avoid the risk of loss / interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, Members are advised to avail of the National Electronic Clearing Service (“NECS”) facility. This facility will enable direct credit of the dividend electronically in their respective Bank Accounts and thus ensures expeditious credit of dividend.

NECS essentially operates on the unique bank account number allotted by banks, post implementation of Core Banking Solutions (“CBS”), for centralised processing of inward instructions and more efficient handling of bulk transactions. In this regard, if shares are held in electronic form, Members should furnish the new unique Bank Account Number allotted to them by their Bank along with a photocopy of a cheque pertaining to the concerned account, to their Depository Participant (DP) no later than 29<sup>th</sup> June, 2012. Members are advised that should the Company not receive their CBS compatible unique bank account number, any electronic credit sent by the Company to their old bank account may either be rejected or returned.

Members holding shares in the physical form with a CBS compatible Bank Account Number should inform the **Share Department of the Company / Share Transfer Agents** of such Number **no later than 29<sup>th</sup> June, 2012** to avail of the benefits of NECS.

6. **Members holding shares in the physical form are requested to notify change of address**, if any, to the **Share Department of the Company / Share Transfer Agents**. Members not availing of the NECS facility are requested to advise the Company of the Bank name and Account Number to which they intend lodging the dividend warrant. These details will then be inscribed on the face of the Dividend Warrant to avoid fraudulent encashment. **Members holding shares in Electronic form should send the above information to their respective Depository Participants only.**



7. In case the mailing address mentioned on the envelope of this Annual Report is either without Pin Code or with an incorrect Pin Code, Members are urged to advise the correct Pin Code number to the **Share Department of the Company / Share Transfer Agents** or the respective **Depository Participant(s)**, as the case may be, immediately, for speedier delivery in future.
8. (a) Members desirous of receiving Notices and/or documents from the Company through the **electronic** mode are urged to update their email addresses with their **Depository Participants**, where shares are held in electronic form and to the **Share Department of the Company / Share Transfer Agents** where shares are held in physical form.
  - (b) Email addresses of Members as advised to **the Share Department of the Company/Registrar and Share Transfer Agents** where shares are held in physical mode or **registered with Depositories** where shares are held in the electronic mode will be deemed to be the Member's registered Email address for serving Company documents/notices as per provisions of the Act and the instructions of the Ministry of Corporate Affairs. Members intending to refresh/update their email addresses should do so as soon as possible.
9. Members holding shares, in physical form, in identical order of names in more than one Folio, are requested to write to the **Share Department of the Company / Share Transfer Agents** enclosing the relevant Share Certificates requesting consolidation of such Folios into one Folio.
10. As per the provisions of the Act, the 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 Agents**.
11. Pursuant to the provisions of Section 205A read together with 205C of the Act, dividends for the financial year ended 31<sup>st</sup> March, 2005 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the '**Investor Education and Protection Fund**' ("IEPF") constituted by the Central Government. Members, who have not encashed their *dividend warrant(s)* for the financial year ended 31<sup>st</sup> March, 2005 or any subsequent financial year(s) are urged to claim such amount from the **Share Department/Share Transfer Agents**.  
**Once an unclaimed dividend amount is transferred to the IEPF as above, no claim shall lie either against the Company or the IEPF in respect of such amount.**
12. The last dates of claim for the following dividends are as follows:

<i>Dividend for the financial year ended</i>	<i>Date of declaration of Dividend</i>	<i>Last date for claiming unpaid Dividend</i>
31 <sup>st</sup> March, 2005	30 <sup>th</sup> June, 2005	29 <sup>th</sup> July, 2012
31 <sup>st</sup> March, 2006	29 <sup>th</sup> June, 2006	28 <sup>th</sup> July, 2013
31 <sup>st</sup> March, 2007	14 <sup>th</sup> March, 2007 ( <i>Interim</i> )	13 <sup>th</sup> April, 2014
31 <sup>st</sup> March, 2008	26 <sup>th</sup> June, 2008	25 <sup>th</sup> July, 2015
31 <sup>st</sup> March, 2009	31 <sup>st</sup> October, 2008 ( <i>Interim</i> )	30 <sup>th</sup> November, 2015
31 <sup>st</sup> March, 2009	26 <sup>th</sup> June, 2009	25 <sup>th</sup> July, 2016
31 <sup>st</sup> March, 2010	30 <sup>th</sup> October, 2009 ( <i>Interim</i> )	29 <sup>th</sup> November, 2016
31 <sup>st</sup> March, 2010	1 <sup>st</sup> July, 2010	30 <sup>th</sup> July, 2017
31 <sup>st</sup> March, 2011	10 <sup>th</sup> November, 2010 ( <i>Interim</i> )	8 <sup>th</sup> December, 2017
31 <sup>st</sup> March, 2011	5 <sup>th</sup> July, 2011	3 <sup>rd</sup> August, 2018



13. a) **Members desirous of getting any information in relation to the Company's Annual Report 2011-12 are requested to address their query(ies) well in advance, i.e. at least 10 days before the Meeting, to the Company Secretary to enable the Management to keep the information readily available at the Meeting.**
  - b) **Members holding shares in Electronic Form, are requested to bring their Depository ID Number and Client ID Number to facilitate their identification for recording attendance at the forthcoming Annual General Meeting.**
14. **Members are requested to claim their unclaimed shares lying with the Company by sending proper documentary evidence to establish their bona fides. Till such claim, as per Clause 5A II of the Listing Agreement with the Stock Exchanges, voting rights on such shares shall remain frozen.**
15. **The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Numbers ("PAN") by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their Depository Participants with whom they maintain their Demat Accounts. Members holding shares in physical form should submit their PAN details to the Company / Share Transfer Agents.**
16. **As per requirement of Clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchanges, particulars relating to Shri Vinay Sah, Shri K. P. Khandelwal, Smt. Manjushree Khaitan and Shri K. C. Jain are given in the Corporate Governance Section of the Annual Report.**

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

### ***Item Nos.5 & 6***

The Life Insurance Corporation of India withdrew the nomination of Shri G B Pande from the Company's Board and replaced him with Shri Vinay Sah. Accordingly, Shri Sah was appointed an Additional Director on 3<sup>rd</sup> November, 2011.

Shri Kashi Prasad Khandelwal was appointed a Director on 10<sup>th</sup> April, 2012 in the casual vacancy caused by the demise of B P Bajoria, who would have, in the normal course, retired by rotation at the forthcoming Annual General Meeting.

Requisite Notices in writing together with deposit have been received from Members intimating their intention to propose the appointments of Shri Sah and Shri Khandelwal at the forthcoming Annual General Meeting.

The Board is of the view that it will be in the interest of the Company to appoint Shri Sah and Shri Khandelwal as Directors of the Company liable to retirement by rotation. The Ordinary Resolutions No.5 and 6 have accordingly been proposed.

Shri Sah and Shri Khandelwal are concerned or interested in their respective Resolutions. No other Director has any concern or interest in the Resolutions.

### ***Item Nos.7 & 8***

The Company is expanding and will continue to expand its manufacturing capacities at its various Plants. Consequently, there may be need to increase borrowings to fund such expansion. The Board, therefore, through an enabling Resolution, proposes to enhance the Company's borrowing limits under Section 293(1)(d) of the Companies Act, 1956 ("The Act") from the present ₹ 4,000 Crore to ₹ 6,000 Crore.



# KESORAM INDUSTRIES LIMITED

Since, the proposed borrowing limit exceeds the Company's Paid-up Share Capital and Free Reserves (excluding temporary loans obtained from the Company's bankers and financial institutions etc. in the ordinary course of business), the enabling Resolution No.7 is being proposed for Members' approval.

Resolution No. 8 is also an enabling Resolution and is intended to obtain the consent of Members 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 present or future borrowings up to a limit of ₹ 6,000 Crore.

The Board accordingly recommends both Ordinary Resolutions for approval.

No Director is in any way concerned or interested in the proposed Resolutions.

## *Item no. 9*

Shri K C Jain, Senior President, Cement, was appointed a Whole-time Director for a period of three years effective 15<sup>th</sup> April, 2011. This appointment stood determined upon mutual consent effective close of business on 31<sup>st</sup> March, 2012. During this period, Shri Jain was also Managing Director of Mangalam Cement Limited ("Mangalam") He has, however, ceased to be Managing Director of Mangalam effective close of business on 31<sup>st</sup> March, 2012.

Effective 1<sup>st</sup> April, 2012, Shri Jain has been re-appointed a Whole-time Director of the Company for a period of three years on remuneration and other terms indicated in Resolution No.9 of the accompanying Notice. These have the approval of the Board including its Remuneration Committee.

The Board is of the opinion that considering his background, qualifications and the wealth of expertise that Shri Jain brings to the Company, the remuneration offered to him is reasonable and in line with present corporate practice.

As per the General Circular No.46/2011 bearing File No.14/03/2011/CL VII dated 14<sup>th</sup> July, 2011 issued by the Central Government, no approval of the Central Government is required by a company to pay its managerial person a remuneration in excess of ₹ 4 lakhs per month in the event of absence or inadequacy of profits in a financial year. However, this relaxation is subject to the person possessing a professional background, no interest in the capital of the company and not related to any of the company's directors. While Shri Jain is a professional and is not related to any Director, he holds 2695 Ordinary Shares in the Company. On this ground, therefore, the payment of remuneration to Shri Jain will be subject to the approval of the Central Government should the Company have insufficiency of profits during his tenure as a Whole-time Director.

The Effective Capital of the Company is not negative.

Excepting Shri Jain, no other Director has any interest or concern in the Resolution.

The Notice should also be treated as the requisite disclosure under Section 302 of the Companies Act, 1956.

**Registered Office:**  
9/1, R. N. Mukherjee Road,  
Kolkata - 700 001  
28<sup>th</sup> April, 2012

**By Order of the Board**  
**Gautam Ganguli**  
*Company Secretary*



## REPORT OF THE DIRECTORS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

The Board presents its Ninety-third Annual Report and the Audited Statements of Accounts of the Company for the year ended 31<sup>st</sup> March, 2012.

#### FINANCIAL RESULTS

Particulars	₹/crore	
	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
Total Revenue	<b>6004.86</b>	5559.49
Total Expenses	<b>6018.78</b>	5175.69
Profit/(Loss) before interest, depreciation, tax and amortisation [“EBIDTA”]	<b>(13.92)</b>	383.80
Less :		
Depreciation and Amortisation Expenses <i>(Net of transfer from Revaluation Reserve)</i>	<b>297.40</b>	272.58
Finance Costs	<b>410.15</b>	263.57
Exceptional item - Income	<b>(11.22)</b>	Nil
Tax Expenses – Net	<b>(330.51)</b>	57.86
	<b>365.82</b>	594.01
Loss for the year	<b>379.74</b>	210.21
Balance at the beginning of the year	<b>948.51</b>	1126.75
Add : Loss for the year	<b>(379.74)</b>	(210.21)
Amount transferred from Debenture Redemption Reserve (Net)	<b>65.00</b>	61.25
Amount available for appropriation	<b>633.77</b>	977.79
Appropriations :		
(i) Proposed Dividend	<b>4.57</b>	14.87
(ii) Tax on Proposed Dividend	<b>0.74</b>	2.41
(iii) Interim Dividend	–	10.29
(iv) Tax on Interim Dividend	–	1.71
(v) Balance Carried Forward	<b>628.46</b>	948.51
	<b>633.77</b>	977.79



## DIVIDEND

The Board recommends a dividend of ₹ 1 (Rupee One only) per Ordinary Share of ₹ 10 in respect of the year under review as against a dividend of ₹ 5.50 per Ordinary Share of ₹ 10 in respect of the previous year.

## GENERAL REVIEW

Total Revenues of the Company during the year under review increased by about 8% to ₹ 6005 Crore. Both major businesses, Tyres and Cement, recorded revenue growth. Operating margins, however, came under considerable pressure owing to spiralling input costs. These, in turn, impacted financing costs, which too showed a steep increase during the year. Brief commentaries on the performance of the Tyres, Cement and the Rayon businesses are appended :

### Tyres

The year under review was pervaded by several challenges making it perhaps the Tyre Business's most difficult year since inception.

Revenues grew by 9% to ₹ 3922 Crore. However, inordinate pressure on margins forced the Business's EBIDTA to decline significantly. Consequently, negative EBIDTA stood at ₹ 428 crore during the year under review as compared to a negative EBIDTA of ₹ 15 crore in the previous year.

Margin pressure was exerted on the Business during the year as a result of sharp volatility in raw material prices and energy costs. Although prices of finished products (i.e. Tyres) moved up, these increases were not entirely commensurate with the higher input costs. Moreover, given a stagnant demand situation, price enhancements and productivity gains that the Business strived for during the year were insufficient to offset the sharp increases in input costs.

The Tyre Business focusses essentially on the Truck and Bus Tyre categories. This market remained flat during the year. The previous year had seen a 23% increase in industry wide production of Truck and Bus Tyres from 12.8 Million in 2009-10 to 15.6 Million in 2010-11. During 2011-12, on the other hand, this category rose by only 2.5% to 16.1 Million. In view of the stagnant demand during 2011-12, sales to the profitable replacement market segment also remained flat.

To stem the decline, the Tyre Business put in place several key initiatives during the second half of the year under review. The more significant of these were as follows :

- calibrated changes were made to the sales mix so as to increase sales of the more profitable products. For instance, increased focus was put on marketing of two and three wheeler tyres.
- a number of measures were taken for raising productivity on the shop floor as well as in product development.
- the Passenger Car Radial Tyre Project at Balasore with a per day production of 80MT is currently under implementation.
- the Business continues its focus on quality and has the distinction of being certified for ISO 9001, TS-16949, ISO 14001, SA-8000, OSHAS-18001 and TPM.

A new management team has been in place beginning the second half of the year under review. This team is aggressively spearheading EBIDTA positive initiatives and will take ownership for the structural changes that such measures would bring in their wake.



# KESORAM INDUSTRIES LIMITED

The first signs of these initiatives bearing fruit have showed through in the fourth quarter of the year under review with EBIDTA margins rising almost 4% as the table below shows :

Particulars	April, 2011 to June, 2011	July, 2011 to September, 2011	October, 2011 to December, 2011	January, 2012 to March, 2012
Sales (₹ /crore)	1057	820	1071	974
EBIDTA (₹ /crore)	-80	-127	-135	-86
EBIDTA Margin %	-7.6	-15.5	-12.6	-8.8

Going forward, EBIDTA margins are expected to improve further and the Tyre Business looks to the future with confidence.

The Auditors, in their Report, have referred to the need for the Tyre Business to improve its internal control systems. The Board states that several effective measures have been taken during the year to further strengthen internal controls in this Business and fully address over-ride related issues. These include an eventual roll out of Standard Operating Procedures across the Business and finally amalgamating these with a structured ERP system.

## Cement

Production during the year under review as compared with that of the previous year was as follows :

(lakh/MT)

	Vasavadatta		Kesoram		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Clinker	31.74	39.21	8.20	8.94	39.94	48.15
Cement	38.83	42.78	10.74	11.50	49.57	54.28

A number of factors combined to contribute to the lower production during the year viz. slowdown in the housing and infrastructure sector, substantial capacity additions in the recent past, the prolonged monsoon and generally tight liquidity conditions in the economy. These constraints were further exacerbated by the innate volatility in input costs and major logistics issues, particularly the shortage of railway wagons for evacuating production. To partially overcome the logistics related impediments, the Business has begun setting up packing facilities near its key markets and entered into contract manufacturing.

Financially, the Business continued to be intrinsically profitable with EBIDTA at ₹ 543 crore during the year under review as against ₹ 376 crore in the previous year. Superior product mix, established brand name and initiation of strategic marketing policies combined to make this possible.

The Cement Business considers captive power generation to be a major thrust area. During the year under review, both plants met virtually their entire power requirements from captive generation. Additionally, some power was sold to the local grid. The Vasavadatta Cement Plant is preparing to commission its fifth captive power unit during the current year. Co-incineration of materials, like used tyres, municipal and agricultural waste etc. will also be taken up during the current year. This will help in further reducing coal consumption for generating captive power. The petition challenging the *vires* of imposition of duty @ 25 paise per unit on captive power generation by the State Government of Andhra Pradesh continues to be pending before the High Court of Andhra Pradesh.

The Cement Business's prospects for the current year are satisfactory. Barring unforeseen circumstances, EBIDTA is expected to improve further.





# KESORAM INDUSTRIES LIMITED

As is usual for a mature business, the Cement Business continued to win awards and accolades during the year. Two significant awards have been the National Award for Mines Safety and the Karnataka State Pollution Control Board's Environmental Excellence Award.

## Rayon

Revenues from the Rayon Business during the year under review at ₹ 283 crore was marginally higher than that of the previous year. However, performance was impacted by a number of adverse factors including :

- significant softening of fibre prices in view of the sharp decline in cotton prices.
- high imports from China resulted in flattened demand and lower prices of viscose filament yarn ("VFY") produced domestically.
- high industry inventories of VFY. What was 11 days in March, 2011 went up to 28 days in March, 2012.

A difficult situation was aggravated further by margin pressure consequent upon steep rise in cost of inputs. Particularly severe was the sharp increase in the prices of coal and the consistent weakening of the Rupee against the US Dollar.

The Business signed a satisfactory wage settlement with its workmen during the year under review. The settlement has removed several working constraints faced by the manufacturing facility.

The Business is working strongly to further widen its market reach during the current year, a measure that will considerably improve unit price realisations. This is being combined with significant improvement in quality standards to include fine denier material. It has also represented to the authorities for levying anti-dumping duty on cheap imports.

## Spun Pipes and Heavy Chemicals

Kesoram Spun Pipes and Foundries and Hindusthan Heavy Chemicals facilities continued to be under suspension of work since 2<sup>nd</sup> May, 2008 and 8<sup>th</sup> December, 2010 respectively. Barricades put up by a section of workmen do not permit ingress/egress to or from these facilities. In view of this position, finished goods and other materials could not be accessed at either facility. This situation also explains the reference by the Auditors in their Report to the Company's inability to conduct physical verification of fixed assets and inventories at these locations.

## CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to the fulfillment of its social responsibility to society in general and those living in the vicinity of its facilities in particular. It regards this as a thrust activity area.

Numerous welfare programmes designed to cater to the needs of the populace around its facilities were undertaken during the year. A few such key initiatives were as follows :

- medical camps including conducting comprehensive health checks on local villagers ;
- installation of facilities for water purification to improve accessibility to potable water ;
- provision of street lights on certain arterial roads in adopted villages ;
- training villagers in water conservation methodologies ;
- animal husbandry camps including setting up of model dairy farms ;
- participation in the Government mid day meal schemes through procurement and distribution of utensils ;
- arrangements for mass weddings ;
- afforestation programmes ;
- imparting of vocational training spanning sections of the population around most facilities of the Company. These programmes are enabling a large number of unemployed or underemployed beneficiaries transform themselves into self respecting earning family members. Tailoring, stitch craft and needlework training, imparting computer literacy, pickle and *papad* making, feature prominently amongst the vocational training initiatives taken.



Going forward, welfare programmes will be further accelerated to benefit larger sections of the community.

In the urban areas, the Company has begun working closely with the local traffic police to promote road safety. With this in mind, it has taken up several activities in the public domain to enable mould the mindset of young adults to the need for scrupulously observing road safety norms.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956 and, based upon representations from the management, the Board, to the best of its knowledge and belief, confirms that:

- in the preparation of the Annual Accounts, applicable Accounting Standards have been followed and there are no material departures ;
- it has selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 and of the loss of the Company for the Financial Year ended on that date;
- 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
- the annual accounts have been prepared on a going concern basis.

## **MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE**

A Management Discussion & Analysis and a Report on Corporate Governance together with the corresponding Compliance Certificate are attached as part of this Annual Report.

## **DIRECTORS**

Shri Vinay Sah joined the Board during the year under review as a nominee of the Life Insurance Corporation of India. He replaced Shri G. B. Pande, who resigned during the previous year. Shri Sah was appointed an Additional Director under Section 260 of the Companies Act, 1956 to hold office up to the date of the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

The Board expresses its profound sorrow at the sad demise on 20<sup>th</sup> February, 2012 of B. P. Bajoria, colleague and an eminent Industrialist. He was on the Board for nearly three decades and his contributions to the Board's deliberations were always distinctive. The Board places on record its deep appreciation of his sagacious advice and wise counsel during his tenure. Shri Kashi Prasad Khandelwal joined the Board, effective 10<sup>th</sup> April, 2012, in the casual vacancy caused by his demise. B P Bajoria would have, in the normal course, retired by rotation at the forthcoming Annual General Meeting. Shri Khandelwal, being eligible, has therefore offered himself for re-appointment.

Shri K C Jain's appointment as a Whole-time Director was determined by mutual consent as at the close of business hours on 31<sup>st</sup> March, 2012. Shri Jain has been re-appointed a Whole-time Director effective 1<sup>st</sup> April, 2012 on revised remuneration. An appropriate Resolution has, therefore, been proposed in the Notice convening the Ninety-third Annual General Meeting for approval of Shri Jain's re-appointment and remuneration.

Smt. Manjushree Khaitan retires by rotation and, being eligible, offers herself for re-appointment.

## **AUDITORS**

Price Waterhouse, Chartered Accountants, ("PW") Auditors of the Company, retire at the forthcoming Annual General Meeting and offer themselves for re-appointment. The Company has received the requisite Certificate pursuant to Section



224(1B) of the Companies Act, 1956. PW has also confirmed that it complies with the ongoing cycle of the peer review process as required under the Regulations of The Institute of Chartered Accountants of India.

## AUDITOR'S REPORT

In response to the Auditor's observations in their Report, the Board wishes to state as follows :

- Paragraph 4(a) and Paragraph 21 of the Annexure to the Report :
  - Note No.31 of the Financial Statements is self explanatory and do not call for any further comment.
- Paragraph 4(b) :
  - As stated in Note No.24 of the Financial Statements, it is reiterated that the principles of prudence have been duly considered by the Company in recognising the income referred to by the Auditors in their Report.

## COST AUDIT

As per directives of the Central Government under Section 233B of the Companies Act, 1956, the Company has appointed qualified Cost Auditors to conduct compliance reporting and cost audit on such of its products in which audit has been ordered by the Central Government.

## PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read together with the Companies (Particulars of Employees) Rules, 1975, forms a part of this Report. However, based upon the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts that are being circulated to Members do not include the Statement of Particulars of Employees under Section 217(2A). Any Member interested in obtaining a copy may write to the Company Secretary at the Registered Office and a copy thereof will be forwarded by post.

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

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

## APPRECIATION

The Board gratefully acknowledges the understanding and support received by the Company from its employees. It also places on record its deep gratitude for the unstinted support the Company has received from the Banks, Institutions, the Central Government, the various State Governments and the local authorities during the year.

Specific acknowledgement is also made for the confidence and understanding shown by the Members in the Company.

**B. K. Birla** | *Chairman*

**K. G. Maheshwari**

**P. K. Choksey**

**Amitabha Ghosh**

**P. K. Mallik**

**Manjushree Khaitan**

**Vinay Sah**

**K. P. Khandelwal**

*Directors*

**K. C. Jain**

*Whole-time Director*

**Gautam Ganguli**

*Company Secretary*

Place: Kolkata

Date : 28th April, 2012



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Developments

#### Tyre

The Indian Tyre Industry is dominated by five major Indian manufacturers – Apollo Tyres, Birla Tyres, Ceat Tyres, JK Tyres and MRF – who together account for more than 85% of the industry turnover. The major market segments of business are replacement, institutional (Original Equipment Manufacturers- [“OEM”] and State Transport Undertakings) and exports. In terms of products, the market is split into two broad segments – Commercial Vehicle Tyres (trucks & buses, light commercial vehicles, agriculture and specialty vehicles) and Personal Vehicle Tyres (car, SUV, motorcycle, scooter and moped).

Commercial vehicle tyres continue to constitute the largest segment of the Indian market. A few years back, these tyres constituted more than 80% of the market. Over the last few years, however, the Indian passenger vehicle industry (cars as well as two wheelers) has grown at a pace that outstrips growth of commercial vehicle sales, driven by greater disposable incomes, the rising aspirations of a burgeoning middle class, and the presence of almost every international vehicle manufacturer in India. Growing passenger vehicle sales in the country has meant the proportion of commercial vehicle tyres in the total tyre industry has dropped to a little more than 60% today.

A key trend in the Indian market is the shift away from the old technology cross-ply tyres to radials. While radialisation is greater than 95% in passenger vehicles today, in commercial vehicle tyres it is still below 25%. This is, however, picking up and India should soon catch up with the world on this parameter. Growing preference for radials by fleets on account of their better performance, increasing fitment of radials by OEMs and massive investments in increasing capacities for truck and bus radials by industry players seems to be driving this change. Radialisation in the truck and bus segment is forecast to cross 40% in the next few years.

The automotive market has a direct correlation with the growth of the Indian economy. The deceleration in the Indian economy has had a negative impact on the automotive industry as a whole. Declining growth of economic activity slows the demand for commercial vehicles something that is evident in India today. Consequently, the overall domestic truck and bus tyre market also saw stagnation in 2011-12 as compared to the previous year, which had seen a growth of over 20%. Sales of passenger vehicles suffered a mid-year slump resulting in lower offtake of tyres by OEMs. Nonetheless, towards the end of the Financial Year 2011-12, indications were that sales were beginning to look up once again.

On the cost front, volatility in raw material prices, especially of natural rubber, has been a major factor impacting the fortunes of the Indian Tyre Industry in the previous year. Volatile raw material prices continue to pose the biggest risk for the tyre business.

#### Cement

China continues to be the world's largest cement producer followed by India. India has the facilities and technology to produce world class cement.

The cement industry in India is estimated to have recorded a growth of 6% during the Financial Year 2011-12 as against a growth of 5% during the previous year. This was achieved despite a perceptible slow down in the housing and infrastructure space, the major cement consumer.

Cement capacity utilisation in India during the Financial Year 2011-12 is estimated to have been around 75%. New capacities are being continuously added much ahead of the increase in demand. Such additions have tended to impact higher capacity utilisations.



The capacity utilisation in the country's Southern Region, where the Company's cement plants are located, is estimated to have been only 61% during the Financial Year 2011-12 as against 65% during the previous year. Moreover, a de-growth of 3% in the consumption of cement is reported to have been also recorded in this Region during Financial Year 2011-12.

## **Rayon**

The demand for Viscose Filament Yarn (VFY) was subdued during Financial Year 2011-12 owing to severe competition from other competing fibres. The inventory of the industry increased substantially as compared to the previous year. Consequently, the unit price realisations for the industry as a whole came under intense pressure.

## **Opportunities, Threats, Risks and Concerns**

### **Tyre**

Although growth might have temporarily slowed, the trend rate of India's economic growth remains intact at a healthy level. This, coupled with increased investments in infrastructure should result in a rapidly expanding automotive market in India, and provide numerous growth opportunities for the tyre business. In the near term, however, there is some concern whether the automotive segment would grow as aggressively as in the past owing to a slowing economy.

Increased competition from global majors like Michelin, Bridgestone and Continental who are putting up or expanding capacities could emerge as a challenge for domestic manufacturers.

The industry's large installed capacities in commercial vehicle cross ply tyres at a time of advancing radialisation could be another concern.

### **Cement**

The cement industry has been augmenting capacity progressively over the years. Cement production is reported to have already surpassed the Eleventh Five Year Plan target. The Central Government has now set a production target of 479 Million Tonnes of cement by the end of the Twelfth Five Year Plan i.e. 2017. There is therefore hope of increased spending by the Government on infrastructure.

Power is a major input for cement. Much of the power output in India today is thermal. Quality Power output quality is dependent critically on coal availability and its pricing. There is some concern in the industry on both issues. As a controlled commodity, coal is not always readily available in quantities that the industry would like it to be made available. For instance, coal quantities under the linkage system is frequently subject to uncertainty. Consequently, the industry has to either purchase coal from the open market through e-auctions or alternatively import the commodity. These have to be done at prices that are not always economical. In addition, logistics constraints like, for instance, non-availability of railway wagons for evacuating the cement produced and for inward movement of raw materials are a concern.

### **Rayon**

Spiralling input costs, stiff competition from China, substitution of rayon by cheaper fibres are concerns. In an environment of increasing costs and subdued demand, the recent increase of excise duty on rayon products in the Union Budget could prove to be another dampener.



## Outlook

### Tyre

Despite concerns of a slowing economy in the near term and the consequent impact on the automotive sector, the overall outlook for the tyre industry is positive. Infrastructure investments in roads, growing income of the country's middle class, increasing mechanisation of agriculture and the continued ready availability of loan finance for vehicles will act as an impetus to tyre sales.

### Cement

The near term outlook is expected to be bright. This country's per capita cement consumption is only about 180 kg. against the world average of 447 kg. . Moreover, infrastructure growth in the country is still considered to be in a state of infancy. It is a given that infrastructure growth will be dependent on sufficient availability of cement and this will in turn further boost cement demand in the country.

### Rayon

The demand for VFY is likely to improve due to expected change in fashion trends leading to increased consumption of VFY value added products. The price of pulp, a major raw material, is also likely to reduce.

### Internal Control System and their adequacy

The Company has robust internal control systems and continues to seek ways to further strengthen these. The functioning of the control systems operating in the Company are reviewed and reassessed by the management on a continuous basis to ensure their efficacy. During the Financial Year 2011-12, for instance, several measures were initiated to further tone up control systems in the tyre business. These include an eventual roll out of Standard Operating Procedures and finally amalgamating these with an ERP system.

The Company as a whole had 16,695 persons on its rolls as on 31.03.2012.

### 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**

**P. K. Choksey**

**Amitabha Ghosh**

**P. K. Mallik**

**Manjushree Khaitan**

**Vinay Sah**

**K. P. Khandelwal**

*Directors*

**K. C. Jain**

*Whole-time Director*

**Gautam Ganguli**

*Company Secretary*

Place: Kolkata

Date : 28th April, 2012



## REPORT ON CORPORATE GOVERNANCE

### GOVERNANCE PHILOSOPHY

The Company's philosophy on governance is founded upon and structured on a rich legacy of principles and practices that predicates dealings with stakeholders based on fairness, transparency and ethical behaviour. It seeks to assiduously build mutual trust and confidence as the basis for all working relationships with stakeholders. Implicit in this philosophy is also the recognition and demonstration of a two way communication between the Company and its stakeholders. While the Company welcomes constructive ideas and encourages dissent, it also acts fearlessly and with conviction.

### BOARD OF DIRECTORS

**Composition of the Board, Directorships & Committee positions held in other Companies and Shares held as on 31<sup>st</sup> March, 2012 :**

As on 31<sup>st</sup> March, 2012, the Company had eight Directors. Fifty per cent of the Board comprised of Non-executive Independent Directors. Details of the Directors are as follows :

Directors	Category	No. of outside Directorships held (excluding *)	Outside Committees @ (excluding *)		Shares held in the Company
			As a Member	As a Chairman/Chairperson	
Shri Basant Kumar Birla	Non-executive	4	None	None	167707
Shri Krishna Gopal Maheshwari	Non-executive	1	None	None	485
Bhagwati Prasad Bajoria <i>(passed away on 20<sup>th</sup> February, 2012)</i>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Shri Pesi Kushru Choksey	Non-executive Independent	1	2	None	500
Shri Amitabha Ghosh	Non-executive Independent	12	9	5	Nil
Shri Prasanta Kumar Mallik	Non-executive Independent	3	3	1	200
Smt. Manjushree Khaitan	Non-executive	1	1	None	239114
Shri Vinay Sah <i>(representing Life Insurance Corporation of India, Investor) #</i>	Non-executive Independent	None	None	None	None
Shri Kamal Chand Jain**	Executive	2	1	None	2695



# KESORAM INDUSTRIES LIMITED

\* private companies, companies under Section 25 of the Companies Act, 1956 (“The Act”) and foreign companies.

\*\* appointed Whole-time Director effective 15<sup>th</sup> April, 2011 in place of Shri Deepak Tandon.

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

# appointed as an Additional Director effective 3<sup>rd</sup> November, 2011.

Shri Kashi Prasad Khandelwal joined the Board effective 10<sup>th</sup> April, 2012.

Shri Basant Kumar Birla, Shri Krishna Gopal Maheshwari and Smt. Manjushree Khaitan are related to one another.

## Attendance of Directors at Meetings held during the Financial Year 2011-12

Six Board Meetings were held during the Financial Year ended 31<sup>st</sup> March, 2012 - on 28<sup>th</sup> April, 2011, 5<sup>th</sup> July, 2011, 28<sup>th</sup> July, 2011, 14<sup>th</sup> August, 2011, 3<sup>rd</sup> November, 2011 and 6<sup>th</sup> February, 2012.

The attendance of each Director at these Meetings was as follows:

Members	Attendance	
	No. of Board Meetings	AGM held on 05.07.2011
Shri Basant Kumar Birla	6	Yes
Shri Krishna Gopal Maheshwari	2	No
Bhagwati Prasad Bajoria ( <i>deceased 20<sup>th</sup> February, 2012</i> )	5	Yes
Shri Pesi Kushru Choksey	2	No
Shri Amitabha Ghosh	6	Yes
Shri Prasanta Kumar Mallik	6	Yes
Smt. Manjushree Khaitan	6	Yes
Shri Vinay Sah( <i>appointed 3<sup>rd</sup> November, 2011</i> )	1	N.A.
Shri Kamal Chand Jain	6	Yes

## Code of Conduct

The Company has a Code of Conduct applicable to all Board Members and senior management staff for avoidance of conflicts of interest between each of the above individuals and the Company. Each Board Member and senior management staff have to declare their compliance with the Code of Conduct as at the end of each Financial Year. The required declarations in respect of the Financial Year 2011-12 have been received from all Board Members and senior management staff. There were no materially significant transactions during the Financial Year with Board Members and senior management staff, including their relatives, that had or could have had a potential conflict of interest with the Company.

The Code of Conduct is available on the website of the Company.





## AUDIT COMMITTEE

### Terms of Reference

The Audit Committee has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with the Stock Exchanges. The terms of reference also conform to the requirements of Section 292A of the Act.

### Composition, Names of Members and Chairman

As on 31<sup>st</sup> March, 2012 the Audit Committee had four Non-executive Independent Directors as Members.

Five Meetings were held during the Financial Year ended 31st March, 2012 - 28<sup>th</sup> April, 2011, 28<sup>th</sup> July, 2011, 14<sup>th</sup> August, 2011, 3<sup>rd</sup> November, 2011 and 6<sup>th</sup> February, 2012. The composition of the Audit Committee and the attendance of each Member at these Meetings were as follows:

Members	No. of Meetings attended
Shri Prasanta Kumar Mallik - <i>Chairman</i>	5
Shri Pesi Kushru Choksey	2
Shri Amitabha Ghosh	5
Shri Vinay Sah (from 3 <sup>rd</sup> November, 2011)	Nil

Shri Kashi Prasad Khandelwal joined the Committee effective 10<sup>th</sup> April, 2012.

### Secretary

Shri Gautam Ganguli, Secretary of the Company, is the Secretary to the Audit Committee.

### Invitees (as and when considered necessary)

- the Statutory Auditors.
- the Internal Auditors and Cost Auditors.
- Shri Kamal Chand Jain, Whole-time Director, Shri Uma Shankar Asopa, Sr. Joint President, Finance and Shri Suresh Sharma, Sr. Joint President, Commercial of the Company.

Shri Prasanta Kumar Mallik, Chairman of the Audit Committee, is a senior Chartered Accountant and a past President of The Institute of Chartered Accountants of India.

Shri Pesi Kushru Choksey and Shri Amitabha Ghosh, Members are also senior Chartered Accountants. Shri Vinay Sah is a Senior Executive with the Life Insurance Corporation of India.

All Members of the Audit Committee are financially literate.

The Chairman of the Audit Committee attended the last Annual General Meeting ("AGM") held on 5<sup>th</sup> July, 2011.

## REMUNERATION COMMITTEE

As on 31<sup>st</sup> March, 2012, the Remuneration Committee consisted of two Non-executive Independent Directors i.e. Shri Prasanta Kumar Mallik and Shri Pesi Kushru Choksey. Bhagwati Prasad Bajoria, Chairman of the Committee, passed away on 20<sup>th</sup> February, 2012. Shri Kashi Prasad Khandelwal, Non-executive Independent Director, who joined the Board effective 10<sup>th</sup> April, 2012 in the casual vacancy so caused, was inducted into the Remuneration Committee from this date. The Committee met once during the Financial Year 2011-12 on 28<sup>th</sup> April, 2011. All three Committee Members attended the Meeting.



# KESORAM INDUSTRIES LIMITED

Shri P. K. Mallik is at present the Chairman of the Committee.

The Committee essentially discharges the role assigned to it under Part II, Section II of Schedule XIII of the Act. As a part of this role, it approves, as per parameters set out in the law, the remuneration structure for whole-time director(s) in the event of the Company having insufficient profits during a financial year.

## Details of Meeting Fees paid during the Financial Year 2011-12 to Directors

Sl. No.	Name of the Directors	Sitting fees paid for	
		Board Meetings ( ₹ )	Committee Meetings ( ₹ )
1	Shri Basant Kumar Birla	120000	–
2	Shri Krishna Gopal Maheshwari	40000	–
3	Bhagwati Prasad Bajoria	100000	150000
4	Shri Pesi Kushru Choksey	40000	30000
5	Shri Amitabha Ghosh	120000	50000
6	Shri Prasanta Kumar Mallik	120000	220000
7	Smt.Manjushree Khaitan	120000	–
8	Shri Vinay Sah*	20000	–
9	Shri Kamal Chand Jain**	–	–
10	Shri Deepak Tandon***	–	–
	<b>Total</b>	<b>680000</b>	<b>450000</b>

\* Fees paid to the nominating Institution, Life Insurance Corporation of India (“LIC”)

\*\* As Manager of the Company upto 14<sup>th</sup> April, 2011 and Whole-time Director effective 15<sup>th</sup> April, 2011, drew a remuneration of ₹ 2,46,10,471 during the Financial Year.

\*\*\*Whole-time Director resigned effective 15<sup>th</sup> April, 2011. Remuneration of ₹ 22,51,539/- for the period 1<sup>st</sup> April, 2011 to 14<sup>th</sup> April, 2011 is subject to the approval of the Central Government.

Besides Sitting Fees, Non-executive Directors are also entitled to a commission on profits. Since there was no profit during the Financial Year 2011-12, the question of payment of commission did not arise.

Apart from the above, no other pecuniary relationship or transactions *vis-à-vis* the Company exist with the Non-Executive Directors.

## SHAREHOLDER RELATED COMMITTEES

The Company has two Shareholder related Committees:

- i) Share Transfer and Finance Committee
- ii) Shareholders’/Investors’ Grievance Committee



Details of each of these Committees are appended :

i) **Share Transfer and Finance Committee**

As on 31<sup>st</sup> March, 2012, the Committee consisted of Shri Prasanta Kumar Mallik, a Non-executive Independent Director as Chairman and Shri Kamal Chand Jain, Member. Shri Jain was inducted as a Member of the Committee during the Financial Year 2011-12 replacing Shri Deepak Tandon, who resigned effective 15<sup>th</sup> April, 2011. Bhagwati Prasad Bajoria, a Non-executive Independent Director was the Chairman of the Committee till his demise on 20<sup>th</sup> February, 2012. Shri Kashi Prasad Khandelwal replaced Bhagwati Prasad Bajoria as a Committee Member effective 10<sup>th</sup> April, 2012.

The Committee deals with the approval of requests for transfer and transmission of shares in the physical form, issue of duplicate certificates and other shareholder related issues. It also deals with matters relating to finance.

The Committee met 13 times during the Financial Year 2011-12.

ii) **Shareholders'/Investors' Grievance Committee**

As on 31<sup>st</sup> March, 2012, the Committee consisted of two Directors as Members viz. Shri Prasanta Kumar Mallik, Chairman and Shri Kamal Chand Jain, Member. Bhagwati Prasad Bajoria was also a Member of the Committee till his demise on 20<sup>th</sup> February, 2012. Shri Kashi Prasad Khandelwal replaced Bhagwati Prasad Bajoria as a Committee Member effective 10<sup>th</sup> April, 2012. Shri Jain too was inducted as a Member of the Committee during the Financial Year 2011-12 replacing Shri Deepak Tandon who resigned effective 15<sup>th</sup> April, 2011.

The terms of the Committee are to review Shareholder/Investor grievances. The Committee met thrice during the Financial Year 2011-12 - on 27<sup>th</sup> July, 2011, 29<sup>th</sup> December, 2011 and 26<sup>th</sup> March, 2012. Shri Mallik and Shri Jain attended all three Meetings. Bhagwati Prasad Bajoria attended two meetings.

## Shareholder complaints received and redressed during the Financial Year 2011-12

Nature of Grievances	Complaints received from				Total complaints received during 2011-12	Total re-dressed	No. of complaints outstanding as on 31 <sup>st</sup> March 2012
	Investors directly	Stock Exchanges	SEBI	R O C			
Non-receipt of Dividend/ Interest/ Redemption Warrant	15	1	2	Nil	18	18	Nil
Non-receipt of Share / Debenture Certificate(s)	7	Nil	1	Nil	8	8	Nil
Non-receipt of Duplicate Share/ Debenture Certificates	Nil	Nil	1	Nil	1	1	Nil
Demat related	7	Nil	Nil	Nil	7	7	Nil
Non-receipt of Annual Reports	29	4	Nil	Nil	33	33	Nil
<b>TOTAL</b>	<b>58</b>	<b>5</b>	<b>4</b>	<b>Nil</b>	<b>67</b>	<b>67</b>	<b>Nil</b>



## Compliance Officer

Shri Gautam Ganguli, Company Secretary, is the Compliance Officer under the Listing Agreement.

## Details of outstanding shares in the Unclaimed Suspense Account

Particulars	Total No. of Shareholders	No. of Outstanding Shares lying in Unclaimed Suspense Account
As on 1 <sup>st</sup> April, 2011	6,407	2,32,882
Shareholders approached for transfer/delivery during 2011-12	2,332	76,107
Shares transferred/delivered during 2011-12	2,332	76,107
Balance as on 31 <sup>st</sup> March, 2012	4,075	1,56,775

## GENERAL BODY MEETINGS

### Details of last three AGMs

AGMs	Date of AGMs	Location	Time
AGM(90 <sup>th</sup> )	26 <sup>th</sup> June, 2009	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700071	11.00 A.M.
AGM(91 <sup>st</sup> )	1 <sup>st</sup> July, 2010	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700071	11.00 A.M.
AGM(92 <sup>nd</sup> )	5 <sup>th</sup> July, 2011	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700071	11:00 A.M.

### Special Resolutions passed in the previous three AGMs

a) **AGM on 26<sup>th</sup> June, 2009:** No Special Resolutions were proposed.

b) **AGM on 1<sup>st</sup> July, 2010:**

Two Special Resolutions were proposed and approved :

- i) approval to the appointment and remuneration of Shri Deepak Tandon as Whole-time Director ; and
- ii) approval to the payment of commission to Non-executive Directors.

c) **AGM on 5<sup>th</sup> July, 2011:**

Two Special Resolutions were proposed and approved :

- i) approval to the appointment and remuneration of Shri K. C. Jain as a Whole-time Director
- ii) ratification & payment of remuneration to Shri K. C. Jain and Shri Deepak Tandon Whole-time Directors for the Financial Year 2010-11 and the period from 1<sup>st</sup> April, 2011 to 14<sup>th</sup> April, 2011 since these were in excess of limits specified in Schedule XIII of the Act.
- iii) No Special Resolution was passed during the Financial year 2011-12 through Postal Ballot and no Special Resolution is proposed to be conducted through Postal Ballot at the forthcoming AGM.



## Disclosures in relation to the appointments and re-appointments of Directors

As required under Clause 49(IV)(G)(i) of the Listing Agreement, brief profiles of Shri Vinay Sah, Shri Kashi Prasad Khandelwal, Smt. Manjushree Khaitan and Shri K.C. Jain are appended:

- a) **Shri Vinay Sah, (52)**, a Non-executive Independent Director nominated by The Life Insurance Corporation of India (“LIC”), is a Post Graduate in Science. He is at present the Zonal Manager (In-charge) of LIC, East Central Zonal Office, Patna. His wealth of expertise in finance and general management is vast. He is not a Director of any other company.
- b) **Shri Kashi Prasad Khandelwal, (61)**, a Non-executive Independent Director, is an FCA, LLB. He has a Diploma in Information Systems Audit (“DISA”) and Computerised Accounting and Auditing Techniques (“CAAT”) from The Institute of Chartered Accountants of India. As a senior practising professional, he is closely associated with the World Bank as a Financial Audit Consultant. He is presently involved with the Emergency Monrovia Urban Sanitation (“EMUS”) Project, Liberia. He is also a Director of Balasore Alloys Limited, Ashika Credit Capital Limited and Ashika Global Securities Limited. He is the Chairman of the Remuneration Committees of Ashika Credit Capital Limited and Ashika Global Securities Limited. He is a Member of the Audit Committee and Share holders’/Investors’ Grievance Committee of Ashika Credit Capital Limited, Share holders’/Investors’ Grievance Committee of Ashika Global Securities Limited and Audit Committee of Balasore Alloys Limited.
- c) **Smt. Manjushree Khaitan, (56)**, is a Post Graduate in English Literature. She has attended Executive Development Programmes at the London Business School, U. K. and IMD, Switzerland. She is the Chairperson of Manjushree Plantations Limited and is a Member of its Shareholders’/Investors’ Grievance Committee and Remuneration Committee. She has been associated with plantations and various manufacturing units for over two decades. She is a Member of the Board of Governors of Birla Institute of Technology and Science, Pilani (“BITS”). She is also closely associated with several Educational and Cultural Trusts, including the Birla Education Trust of which she is a Trustee.
- d) **Shri K. C. Jain, (72)**, a Bachelor of Commerce and Member of The Institute of Chartered Accountants of India, has vast experience in finance, banking and general management over a period of 47 years with the Company. He is a Director of Gondkhari Coal Mining Limited.

Smt. Khaitan and Shri Jain respectively hold 2,39,114 and 2,695 Ordinary Shares of the Company. Shri Sah and Shri Khandelwal do not hold any shares.

## DISCLOSURES

### i) Disclosure on materially significant Related Party transactions :

Details of Related Party transactions during the Financial Year 2011-12 have been set out under Note no. 43 of the Notes to the Financial Statements. None of these transactions have any conflict or 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 :

The Company has complied with all requirements of the Listing Agreement as well as the regulations and guidelines prescribed by Securities and Exchange Board of India (“SEBI”). No penalties or strictures have been imposed by SEBI, Stock Exchanges or any other Statutory Authorities on any matter relating to the Capital Markets during the last three years.



## MEANS OF COMMUNICATION

### Financial results, Annual Report etc.:

The quarterly Unaudited Financial Results and the Annual Audited Financial Results as approved and taken on record by the Board are sent to the Stock Exchanges where the Company's shares are listed and then published in various leading national newspapers, viz Business Standard / Mint (English – all editions) and Dainik Statesman (Bengali). The Results are also posted on the Company's website [www.kesocorp.com](http://www.kesocorp.com). All official releases and other related information are also displayed on this website. Should any presentation relating to the Company's working be made to analysts, a copy of such presentation is also hosted on the website.

The quarterly Unaudited Results and the Annual Financial Results along with the Report on Segment Revenue, Results and Capital Employed, Balance Sheet, Profit & Loss Account / Statement of Profit & Loss, Directors' Report, Auditor's Report, Cash Flow Statement, Corporate Governance Report, Management Discussion and Analysis and the Shareholding Pattern etc. can also be accessed by investors from the Company's website at [www.kesocorp.com](http://www.kesocorp.com)

### Management Discussion and Analysis

The Management Discussion and Analysis, as reviewed by Audit Committee, is part of this Annual Report.

## GENERAL SHAREHOLDER INFORMATION

### Next AGM

<b>Time</b>	11.00 a.m.
<b>Day</b>	Wednesday
<b>Date</b>	11 <sup>th</sup> July, 2012
<b>Venue</b>	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700 017

### Financial Year

The Financial Year of the Company is from 1<sup>st</sup> April to 31<sup>st</sup> March.

### Date of Book Closure

30<sup>th</sup> June, 2012 to 11<sup>th</sup> July, 2012 (*both days inclusive*)

### Dividend payment date

On or after 18<sup>th</sup> July, 2012

### Stock Exchanges related information

#### a. Listing on Stock Exchanges:

##### The Ordinary Shares of the Company are listed on :

- BSE Limited ("BSE"), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001
- National Stock Exchange of India Limited ("NSE"), Exchange Plaza, Bandra-Kurla Complex, Bandra(E), Mumbai-400 051
- The Calcutta Stock Exchange Ltd. ("CSE"), 7, Lyons Range, Kolkata-700001
- Societe de la Bourse de Luxembourg, Societe Anonyme/R.C.B. 6222,B.P.165, L-2012 Luxembourg

#### b. Stock Codes for:

BSE	502937
NSE	KESORAMIND
CSE	10000020
Luxembourg Stock Exchange	492532205



# KESORAM INDUSTRIES LIMITED

There are no arrears in payment of Listing Fees.

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

d. **Depository Connectivity :** National Securities Depository Limited and  
Central Depository Services (India) Limited

## Stock Market Price Data :

Figures in ₹/Share

Month	CSE		BSE		NSE	
	High	Low	High	Low	High	Low
April, 2011	N.T.	N.T.	238.45	192.00	237.40	192.10
May, 2011	N.T.	N.T.	202.70	181.10	204.00	181.30
June, 2011	N.T.	N.T.	190.00	163.10	195.00	164.10
July, 2011	N.T.	N.T.	178.70	146.05	172.85	146.10
August, 2011	N.T.	N.T.	148.00	108.05	148.80	109.20
September, 2011	N.T.	N.T.	144.80	118.10	144.45	111.55
October, 2011	N.T.	N.T.	135.40	118.00	135.60	118.30
November, 2011	N.T.	N.T.	126.90	99.00	126.70	98.20
December, 2011	N.T.	N.T.	109.45	83.00	110.00	82.80
January, 2012	N.T.	N.T.	121.15	83.10	121.00	82.90
February, 2012	N.T.	N.T.	142.00	112.50	142.95	113.00
March, 2012	N.T.	N.T.	126.40	111.15	126.80	109.50

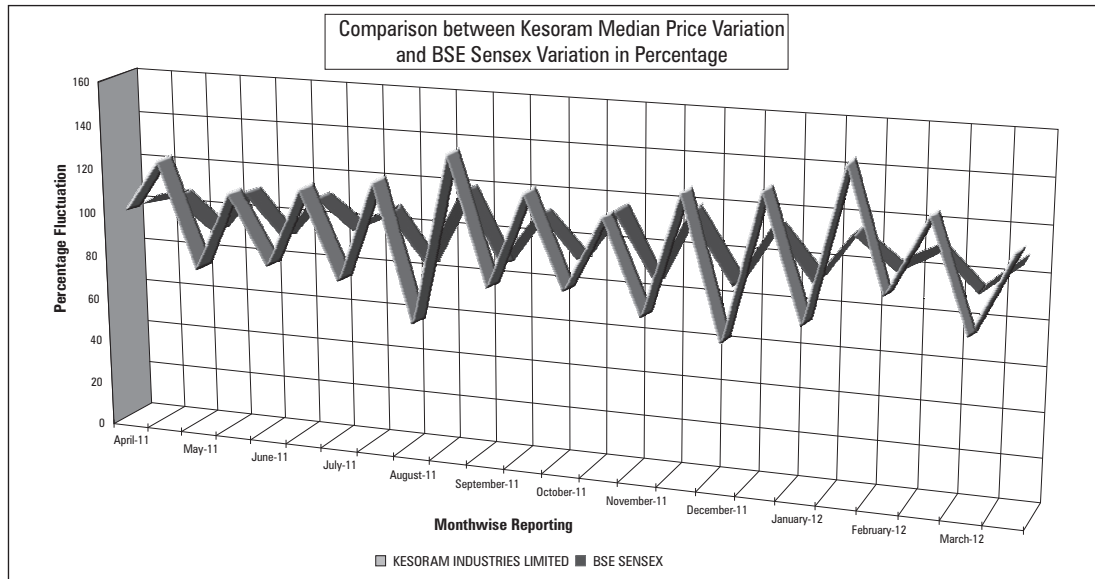
N.T. – No Trading

During the year there was no trading on the Luxembourg Stock Exchange either.



# KESORAM INDUSTRIES LIMITED

Performance in comparison to broad based indices such as BSE SENSEX, CRISIL INDEX etc.



**Registrar and Share Transfer Agents :**

**MCS Limited (Unit: Kesoram Industries Ltd.)**

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

**Phone Nos.: +91 33 2454-1892/1893, Fax No.: +91 33 2454-1961**

**e-mail : mcskol@rediffmail.com**

## Share Transfers

Subject to documentation being in order, transfer requests of Ordinary Shares lodged with the Company/Registrars in physical form are processed no later than three weeks from the date of receipt. Individual share transfer requests in physical form below 10,000 shares are dealt with and approved at the level of Company Executives. Individual requests for transfers of above 10,000 shares in physical form are referred to the Share Transfer and Finance Committee for approval.

## Distribution of shareholding as on 31<sup>st</sup> March, 2012

- according to category of holding

Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Promoters	20	0.03	1,24,04,859	27.12
Mutual Funds / UTI	12	0.01	1,94,450	0.43
Financial Institutions & Banks	43	0.06	4,38,744	0.96
Foreign Institutional Investors	23	0.03	6,27,396	1.37
Insurance Companies	8	0.01	71,40,153	15.61
NRI/OCB	510	0.66	22,65,343	4.95
Private Body Corporates	1,084	1.40	47,78,202	10.45
Individuals	75,776	97.80	1,08,52,296	23.72
GDRs	1	—	70,41,875	15.39
<b>Total</b>	<b>77,477</b>	<b>100.00</b>	<b>4,57,43,318</b>	<b>100.00</b>





• according to the number of Ordinary Shares held :

No. of Ordinary Shares held	No of Share holders	% of Shareholder	No. of Shares	% of Shares
1-100	65,828	84.97	20,56,075	4.50
101-200	5,519	7.12	8,61,692	1.88
201-500	3,660	4.72	12,53,880	2.74
501-1000	1,267	1.64	9,83,731	2.15
1001-5000	917	1.18	19,40,634	4.24
5001-10000	130	0.17	9,58,310	2.10
10001 – above	156	0.20	3,76,88,996	82.39
<b>Total:</b>	<b>77,477</b>	<b>100.00</b>	<b>4,57,43,318</b>	<b>100.00</b>

## Dematerialisation and Rematerialisation

Requests for Dematerialisation and Rematerialisation should be sent either to the Company's Registrar and Share Transfer Agents or to the Share Department at Birla Building, 8<sup>th</sup> Floor, 9/1, R N Mukherjee Road, Kolkata - 700 001

## Dematerialisation of shareholding

The Company's Ordinary Shares are compulsorily traded in the dematerialisation form. As on 31<sup>st</sup> March, 2012, 436.30 lakh Ordinary Shares of the Company representing 95.38% of the total Ordinary Shares issued were held in dematerialised form. Investors have an option to dematerialise their Ordinary Shares either with National Securities Depository Limited or Central Depository Services (India) Limited.

## Outstanding GDRs

70,41,875 Ordinary Shares of the Company were held as Global Depository Receipts as on 31<sup>st</sup> March, 2012.

## Insider Trading

The Code of Internal Procedure & Conduct under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, is in full force and effect.



# KESORAM INDUSTRIES LIMITED

## Plant Locations

Section	Factory Location	City Office	Run under the name & style of
Cement	Sedam, Dist.Gulbarga Karnataka-585222 Phone +918441-276005/277403, Fax +918441-276139 E-mail: communication@vasavadattacement.com <b>Storage and Packing Unit :</b> Survey No.296/7/4, I.D.A Bollaram Village, Jinnaram Mandel, Medak Dist. - 502325, Andhra Pradesh. T-3 MIDC Chincholi, Taluk : Mohal Solapur-413255, Maharastra State Phone +91217-2357060	10-3-316/2, Crystal Towers, 2nd Floor, Above Andhra Bank, Masab Tank, Hyderabad 500028, A. P. Phone +9140-23342296/8056 Fax +9140-23344109/7821 E-mail: hyderabad@vasavadattacement.com.	Vasavadatta Cement
	Basantnagar, Dist.Karimnagar Andhra Pradesh-505187 Phone +918728-228122/228125/ 228156 Fax +918728-228160 E-mail:communication@kesoramcement.com	10-3-316/2, Crystal Towers, 2nd & 3 <sup>rd</sup> Floors, Above Andhra Bank, Masab Tank, Hyderabad 500028, A. P. Phone +9140-23348896/7843/ 7613 Fax +9140-23344109/23347821 E-mail: hyderabad@kesoramcement.com	Kesoram Cement
Automobile Tyres and Tubes	P.O. Chhanpur, Via.Kuruda, Dist. Balasore, Orissa, Pin.756056 Phone +916782-254259/780/620 Fax +916782-254225 E-mail: btbls@cal2.vsnl.net.in Gram Khedimubarakpur, Tehsil Laksar, Dist. Haridwar, Uttarakhand-247 663 Phone +911332- 256000/256001 Fax +911332- 255177 E-mail :bthdr@birlatyres.org	7 <sup>th</sup> Floor, Birla Building 9/1, R. N. Mukherjee Road, Kolkata-700001 Phone +9133-2262 4411-13 Fax +9133-2262 4359 E-mail:ho@birlatyre. com	Birla Tyres
Rayon & Transparent Paper	P.O. Nayarai, Rly. Station: Kuntighat, On Howrah-Katwa route, Dist.Hooghly, West Bengal-712513 Phone +9133-26846431-34/ 26846457 Fax +9133-26846461 E-mail: kesoram@rayonworks.com	“Industry House”, 11 <sup>th</sup> Floor 10, Camac Street, Kolkata-700017 Phone +9133-2282-4721-24 Fax +9133-2282-8879 E-mail: rayon@cal.kesoramrayon.co.in	Kesoram Rayon
Spun Pipes & Foundries (under suspension of work)	P.O Adconagar,Bansberia, Dist.Hooghly, West Bengal-712121 Phone +9133-2634-6465	“Industry House”, 12 <sup>th</sup> Floor 10, Camac Street,Kolkata-700017 Phone +9133-2282-2476 Fax +9133-2282-9370	Kesoram Spun Pipes & Foundries
Heavy Chemicals (under suspension of work)	19, B. T. Road, Khardah, P.O. Baram Dharma Sopan, Kolkata-700116 Phone +9133-2553-2879/5183 Fax +9133-2553-3860/2583-9218 E-mail:hhcl_fac@vsnl.net	“Industry House” 10, Camac Street, Kolkata-700017 E-mail: hhc_ho@vsnl.net	Hindusthan Heavy Chemicals



# KESORAM INDUSTRIES LIMITED

## Address for Correspondence

### For routine matters:

For any assistance regarding share transfers and transmissions, change of address, non-receipt of dividend, duplicate / missing Share Certificates, demat and other matters, investors are welcome to get in touch with the Share Department of the Company at the address given below:

**Kesoram Industries Ltd.**

**9/1, R. N. Mukherjee Road**

**Kolkata-700001**

**Phone No. +91 33 2210-1545**

**Fax No. +91 33 2210-9455**

**E-mail :sharedepartment@kesoram.net**

**Or,**

**Registrar & Share Transfer Agents :**

**MCS Limited**

**(Unit: Kesoram Industries Ltd.)**

**77/2A, Hazra Road,**

**Kolkata-700 029**

**Phone Nos.: +91 33 2454-1892/1893**

**Fax No.: +91 33 2454-1961**

**E-mail : mcskol@rediffmail.com**

### For Redressal of Complaints and Grievances:

The Secretary  
Kesoram Industries Limited  
Birla Building  
9/1, R.N. Mukherjee Road  
Kolkata-700001

Telephone Nos. +91 33 2243-5453, 2242-9454/2248-6607  
Fax No.+91 33 2210-9455  
E-mail : kesocorp@cal3.vsnl.net.in

### Compliance Certificate of the Auditors

The Company has obtained a Certificate from a practising Company Secretary confirming that it is in compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

**B. K. Birla** | *Chairman*

**K. G. Maheshwari**  
**P. K. Choksey**  
**Amitabha Ghosh**

**P. K. Mallik**  
**Manjushree Khaitan**  
**Vinay Sah**  
**K. P. Khandelwal**

*Directors*

**K. C. Jain**  
*Whole-time Director*

**Gautam Ganguli**  
*Company Secretary*

Place: Kolkata  
Date : 28th April, 2012



## DECLARATION

All Board Members and Senior Management personnel have affirmed their compliance with the 'Code of Conduct for Members of the Board and Senior Management' for the period from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012 or in case of new joinings, from the date of joining to 31<sup>st</sup> March, 2012 in terms of Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges.

Place : Hyderabad

Dated : 16<sup>th</sup> April, 2012

For **Kesoram Industries Ltd.**

**K. C. Jain**

*Whole-time Director*

---

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

**To the Members of  
Kesoram Industries Limited**

I have examined all relevant records of Kesoram Industries Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreements of the said Company with stock exchanges in India for the financial year ended on 31<sup>st</sup> March, 2012. I have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. My examination was limited to the procedure and implementation thereof and was carried out in accordance with the Guidance Note on Corporate Governance Certificate issued by the Institute of Company Secretaries of India. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced and explanations furnished, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

Date: 28<sup>th</sup> April, 2012  
Kolkata

**CS Kamal Kumar Sharma**  
Company Secretaries  
Membership No.FCS 3337  
Certificate of Practice No.4057



## 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:
- i) Installation of energy efficient pumps.
  - ii) Installation of VFD motors at various locations.
  - iii) Redesigning of chilled water systems to make these more energy efficient.
- (b) Additional investment proposals, if any, being implemented for reduction of consumption of energy:
- i) Replacement of sodium vapour lights by LEDs.
  - ii) Increased use of VFD motors in identified areas.
  - iii) Redesigning of hot and cold water operating systems.
  - iv) Energy audit of manufacturing operations.
- (c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:  
There has been a reduction in the consumption of coal and electricity per unit of production in certain business areas.
- (d) Total energy consumption and energy consumption per unit of production as per Form "A" is appended.

### 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 lac)	1112.57	1419.95
Total Amount (₹ /crore)	58.26	68.99
Rate/Unit (₹)	5.24	4.86
(b) Own Generation		
(i) Through Diesel Generator		
Units (in lac)	44.41	107.21
Units per Ltr. of diesel oil	3.52	3.54
Cost/Unit (₹)	10.07	9.41
(ii) Through Steam Turbine/ Generator		
Units (in lac)	6216.59	7160.01
Unit per Kg. of Coal	1.00	1.01
Cost/Unit (₹)	3.86	2.95



# KESORAM INDUSTRIES LIMITED

(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/lac)	14.55	17.16
Total Cost (₹ / crore)	671.01	581.09
Average Rate/MT (₹)	4613.28	3385.97
(3) Furnace Oil		
Quantity (K.Ltrs.)	772.07	3016.09
Total Cost (₹ / crore)	3.31	9.27
Average Rate/Ltr. (₹)	42.92	30.73
(4) Others		
i) HSD Oil		
Quantity (K.Ltrs.)	274.02	291.72
Total Cost (₹ / crore)	1.05	1.03
Rate/Ltr. (₹)	38.45	35.44
ii) Gas		
Quantity (MT/lac)	.027	.026
Total Cost (₹ / crore)	15.83	12.92
Rate/Ltr. (₹)	57.24	50.47
iii) Diesel Oil		
Quantity (K.Ltrs.)	1255.94	3000.78
Total Cost (₹ / crore)	4.45	9.97
Rate/Ltr. (₹)	35.46	33.21
iv) Bagasse		
Quantity (MT/lac)	0.02	—
Total Cost (₹ / crore)	0.47	—
Rate/Kg. (₹)	2.15	—
v) Wood Chip		
Quantity (MT/lac)	0.01	—
Total Cost (₹ / crore)	0.16	—
Rate/Kg. (₹)	1.83	—
vi) Rice Husk		
Quantity (MT)	167.00	—
Total Cost (₹ / crore)	0.08	—
Rate/Kg. (₹)	4.64	—



(B) Consumption per Unit of Production	Production Unit	Standards if any	Current Year	Previous Year
1. Electricity (kwh)				
Vis. Filament Rayon Yarn	M.T.	-	4257	4188 (b)
Transparent Paper (Cellulose Film)	M.T.	-	2079	2167 (a)
Sulphuric Acid	M.T.	-	41	40 (b)
Caustic Soda	M.T.	-	-	3903
Purified Hydrogen Gas	M <sup>3</sup>	-	-	0.42
Sodium Hypochloride	M.T.	-	-	45
Carbon-di-Sulphide	M.T.	-	1077	1071 (c)
Sodium Sulphate	M.T.	-	105	97 (b)
Sodium Sulphide	M.T.	-	285	285
Cement	M.T.	-	77	79 (a)
Tyres, Tubes & Flaps	M.T.	-	1328	1180 (f)
2. Coal				
Vis. Filament Rayon Yarn	M.T.	-	4.13	3.95 (d)
Transparent Paper (Cellulose Film)	M.T.	-	7.18	6.94 (d)
Carbon-di-Sulphide	M.T.	-	0.49	0.35 (d)
Sodium Sulphate	M.T.	-	0.46	0.45 (d)
Cement	M.T.	-	0.13	0.15 (a)
Tyres, Tubes & Flaps	M.T.	-	1.13	0.97 (f)
3. Furnace Oil				
Tyres, Tubes & Flaps	K.L.	-	0.005	0.016 (e)
4. Others				
i) Gas				
Tyres, Tubes & Flaps	M.T.	-	0.017	0.014 (f)
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.				

Note : Previous year's figures have been re-arranged, where necessary.

## II. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption disclosed as per Form B appended.



## FORM 'B'

### 1. Research & Development (R&D)

(a) Specific areas in which R&D carried out

Viscose preheating to control ripening index. Reduction of agitation speed in viscose tanks and trial of polycarbonate funnels in spinning machines. Increased utilisation of fly ash in PPC production and grinding aids used to increase output of Cement. Development of truck radial (tubeless) tyres and new products in the existing range of truck radial and two wheeler tyres.

(b) Benefits derived as a result of above R&D

Improved yarn quality by reducing broken filaments. Improvement in quality of Cement.

(c) Future Plan of Action

Modifications in textile machines and tensioner adjustment for uniform tension and oil pick up. Installation of Waste Heat Recovery Systems and utilisation of alternative fuels for Kiln. Introduction of passenger radial tyres, two wheeler (tubeless) tyres. Development of cost effective truck radial tyres specially for export markets.

d) Expenditure on R&D

(₹ /crore)

(i) Capital

0.82

(ii) Recurring

2.74

(iii) Total

3.56

(iv) Total R&D expenditure as a percentage of total turnover

The Cement Business has incurred the above expenditure. In addition, a Cess @ ₹ 0.75 per tonne of cement despatched is payable to the Development Commissioner for Cement Industry, Government of India, who in turn financially assists the National Council of Cement & Building Materials to carry out Research & Development Programmes for the Cement Industry. During the Financial Year 2011-12, the Company paid ₹ 0.37 crore on this account.

### 2. Technology Absorption, Adaptation and Innovation

(a) Efforts, in brief, made towards technology absorption, adaptation and innovation

Motor less vane type exhaust fan and 'D' canter type centrifuge in place of bucket centrifuge. Replacement of existing Cement Mill-3 ESP Bag House and automisation of 1 & 2 fly ash feeding arrangements for Cement Mills.

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

Improvement in the quality of yarn. Reduction in power consumption, improvement in quality & optimum capacity utilisation.

### 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

Not Applicable.

(iii) Has technology been fully absorbed ?





### 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.

Exports were focused on value added products of VFY. Transparent Paper exports to regular countries were maintained and new markets in New Zealand, Portugal, U.K., Yemen etc. are being explored. Tyre Exports were made to several countries during the year and efforts are being made to increase volume of exports by exploring new markets.

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

₹ 1067.04 crore

₹ 511.87 crore

**B. K. Birla** | *Chairman*

**K. G. Maheshwari**  
**P. K. Choksey**  
**Amitabha Ghosh**  
**P. K. Mallik**  
**Manjushree Khaitan**  
**Vinay Sah**  
**K. P. Khandelwal** | *Directors*

**K. C. Jain**  
*Wholesale Director*

**Gautam Ganguli**  
*Company Secretary*

Place: Kolkata  
Date : 28th April, 2012



## Summarised Balance Sheet for the Last Five Years

	(₹ / Crore)				
	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
<b>A. ASSETS OWNED BY THE COMPANY</b>					
<b>1. NON CURRENT ASSETS</b>					
a. Net Fixed Assets					
Gross Fixed Assets	5,854.03	5,295.52	4,872.67	3,420.70	2,401.97
Less: Total Depreciation	1,643.30	1,349.17	1,082.34	913.22	811.20
	<b>4,210.73</b>	<b>3,946.35</b>	<b>3,790.33</b>	<b>2,507.48</b>	<b>1,590.77</b>
b. Non Current Investments	66.36	65.82	51.43	61.78	47.83
c. Long Term Loans and Advances	156.23	270.79	140.17	234.21	154.68
d. Other Non Current Assets	2.21	1.89	0.30	0.27	0.17
<b>2. CURRENT ASSETS</b>					
a. Inventories	995.16	1,118.55	916.19	589.06	442.17
b. Trade Receivables	672.44	630.20	541.75	380.17	273.07
c. Cash and Bank Balances	69.59	72.89	80.15	56.59	40.37
d. Short Term Loans and Advances	311.73	336.52	229.69	477.53	173.73
e. Other Current Assets	38.26	12.91	14.31	10.40	4.29
<b>Total Assets</b>	<b>6,522.71</b>	<b>6,455.92</b>	<b>5,764.32</b>	<b>4,317.49</b>	<b>2,727.08</b>
<b>B. (i) DUES TO BE PAID BY THE COMPANY</b>					
<b>1. NON CURRENT LIABILITIES</b>					
a. Long Term Borrowings	2,755.77	1,748.36	1,775.36	1,552.83	866.41
b. Deferred Tax Liabilities (net)	57.21	386.42	328.44	126.15	142.78
<b>2. CURRENT LIABILITIES</b>					
a. Short Term Borrowings	1,349.57	1,474.19	1,554.03	580.79	343.65
b. Trade Payables	527.85	549.74	315.16	167.72	170.72
c. Other Current Liabilities	845.74	949.64	220.94	182.88	128.32
d. Short Term Provisions	71.56	47.32	30.90	377.02	93.28
<b>Total Liabilities</b>	<b>5,607.70</b>	<b>5,155.67</b>	<b>4,224.83</b>	<b>2,987.39</b>	<b>1,745.16</b>
<b>(ii) THEREFORE, COMPANY'S NET WORTH REPRESENTED BY</b>					
1. Ordinary Share Capital	45.74	45.74	45.74	45.74	45.74
2. Reserves & Surplus	869.27	1,254.51	1,493.75	1,284.36	936.18
	<b>915.01</b>	<b>1,300.25</b>	<b>1,539.49</b>	<b>1,330.10</b>	<b>981.92</b>

Figures for the previous year(s) have been regrouped / rearranged where considered necessary.



## Summarised Statement of Profit and Loss for the last five years

		2011-12	2010-11	2009-10	2008-09	2007-08
		(₹ / crore)				
<b>RECEIPTS</b>						
1. Revenue from Operations		5,920.86	5,438.43	4,751.58	3,901.52	3,003.34
2. Other Income		95.22	121.06	122.39	75.07	34.69
Total Receipts	A	<b>6,016.08</b>	<b>5,559.49</b>	<b>4,873.97</b>	<b>3,976.59</b>	<b>3,038.03</b>
<b>EXPENDITURES</b>						
1. Raw Materials and Finished Goods		4,466.82	3,790.77	2,248.64	1,670.84	1,116.04
2. Employee Benefit Expenses		334.68	273.55	225.29	180.21	153.24
3. Other Expenses		1,217.28	1,111.35	1,620.41	1,456.81	1,075.35
4. Finance Costs		410.15	263.58	131.34	147.74	51.60
Total Expenses	B	<b>6,428.93</b>	<b>5,439.25</b>	<b>4,225.68</b>	<b>3,455.60</b>	<b>2,396.23</b>
<b>GROSS PROFIT</b>	<b>(A - B)</b>	<b>(412.85)</b>	<b>120.24</b>	<b>648.29</b>	<b>520.99</b>	<b>641.80</b>
<b>APPROPRIATIONS/TRANSFERS</b>						
1. Depreciation (Net)		297.40	272.59	172.80	111.87	89.27
2. Provision for Taxation		-	-	36.00	45.00	165.00
3. Provision for Deferred Tax - charge / (credit)		(329.21)	57.98	202.29	(16.62)	2.81
4. Provision for Fringe Benefit Tax - charge / (credit)		(1.30)	(0.12)	(0.13)	2.00	1.37
5. Transfer to/(from) Debenture Redemption Reserve		(65.00)	(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)		5.31	17.28	17.34	17.40	29.43
8. Reserves		-	-	24.00	44.78	40.00
9. Surplus/(Deficit)		(320.05)	(178.24)	82.71	279.52	313.92
		<b>(412.85)</b>	<b>120.24</b>	<b>648.29</b>	<b>520.99</b>	<b>641.80</b>

Figures for the previous year(s) have 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 31<sup>st</sup> March, 2012, and the related Statement of Profit and Loss 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. *We draw your attention to*
  - a) *Note 31 to the financial statements, regarding legal proceedings initiated by the Company in the month of July 2011 against an erstwhile Whole time Director and certain other persons (the "accused parties") in relation to certain transactions in one of the units of the Company that were allegedly authorised and executed by/ in favour of the accused parties to the detriment of the Company's interests during the period from May, 2008 to June, 2011, which are being investigated by the Management. Pending completion of the Management's investigation, any adjustments and related disclosures that may be required to the financial statements could not be determined;*
  - b) *Note 24 to the financial statements, in relation to the recognition of ₹ 18.14 crore towards compensation from insurance company towards loss of certain items of inventory and fixed assets due to flood during the year, in spite of the awaited approval of the insurance claim and uncertainties as to the amount that may be approved by the insurance company; which does not meet the requirement to consider prudence in selection of accounting policies, as set out in Accounting Standard 1 – "Disclosure of Accounting Policies". Had the aforesaid insurance claim not been recognised, Other income would have been ₹ 77.08 crore instead of the reported amount of ₹ 84.00 crore, Exceptional item would have been ₹ Nil instead of the reported amount of ₹ 11.22 crore, Loss for the year would have been ₹ 397.88 crore instead of the reported amount of ₹ 379.74 crore. Earnings per share would have been ₹ (-) 86.98 instead of reported amount of ₹ (-) 83.02 and net worth as at March 31, 2012 would have been ₹ 896.87 crore instead of reported amount of ₹ 915.01 crore.*
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) *Except for the effects of the matter referred to in paragraph 4(a) above , 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, except for the effects of the matters referred to in paragraph 4 proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;*



# KESORAM INDUSTRIES LIMITED

- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, *except for the effects of the matter referred to in paragraph 4(b) above*, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (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 *except for the effect of the matters referred to in paragraph 4 above, aggregating to ₹ 18.14 crore to the extent ascertainable* 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 31<sup>st</sup> March, 2012
  - (ii) in the case of the Statement of Profit and Loss, 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  
28<sup>th</sup> April, 2012

For Price Waterhouse  
Firm Registration No: 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 31<sup>st</sup> March, 2012

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 and Hindustan Heavy Chemicals units (which are under suspension of work effective 2nd May, 2008 and 10<sup>th</sup> December, 2011 having year-end book value of ₹ 3.54 crore and ₹ 11.53 crore respectively)], 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 and Hindustan Heavy Chemicals (year-end book value ₹ 0.98 crore and ₹ 1.24 crore respectively)] 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-progress. As in earlier years, work-in-progress 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.
  - (a) The Company has granted unsecured loan to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year- end balance of such loan aggregated to ₹ 6.44 crore.
  - (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company
  - (c) In respect of the aforesaid loans, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable
  - (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
  - (e) The Company has not taken any loans, secured or unsecured, 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, *except for an instance of management override of internal control by erstwhile whole time director reported to us, by the Management (also refer clause 21)*, there is an adequate internal control system commensurate with the 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 tyres 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.



## Annexure to Auditors' Report (Contd.)

### 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 31<sup>st</sup> March, 2012

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.
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, investor education and protection fund, employees' state insurance, income-tax, sales tax (other than arrears of ₹ 0.38 crore outstanding for a period of more than six months as on 31st March, 2012), wealth tax, service tax, custom 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, custom duty, excise duty and cess as at 31st March, 2012 which have not been deposited on account of a dispute (there being no such cases with regard to wealth tax, custom duty and cess), are as follows –

Name of Statute	Nature of Dues	Period to which the Amount relates	Amount ₹ / crore	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	2001-02, 2006-07 to 2009-10	0.80	Andhra Pradesh High Court
Bombay Sales Tax Act, 1959	Sales Tax	2002-03 to 2004-05	0.71	Deputy Commissioner (Appeal)
Central Excise Act, 1944	Excise Duty	1999-2003, 2004-09	29.07	Central Excise Service Tax Appellate Tribunal
		2005 - 06	0.76	Tribunal
		1995 - 96, 2004 - 05, 2001 - 03, 2006-07 & 2010 -12	1.40	Commissioner (Appeals)



# KESORAM INDUSTRIES LIMITED

Name of Statute	Nature of Dues	Period to which the Amount relates	Amount ₹ /crore	Forum where dispute is pending
		1999 -00, 2002 - 03	0.60	Additional Commissioner
		1985-1990, 1995 -96, 2000-2008 & 2009-10	28.58	Commissioner
		1979-81, 1982-93, 1995-96, 2002-05	0.19	Assistant Commissioner
Central Sales Tax Act, 1956	Sales Tax	2000- 2003	16.99	Supreme Court
		2003-04	4.65	Karnataka High Court
		2003-05, 2006-07 & 2008-09	8.73	Odisha High Court
		2001-03	0.18	Tribunal
		1995-97, 2003-07 & 2006-07	6.26	West Bengal Commercial Taxes Appellate and Revision Board
		2001-02,2004-05 & 2007-08	0.06	Sr. Jt. Commissioner (Appellate Authority)
		2008-09	0.05	Sr. Joint Commissioner
		1997-98, 1999-00, 2007-09	0.37	Additional Commissioner
		2005-06	0.05	Commissioner
		2007-10	0.11	Deputy Commissioner
		1996 - 97,1998 - 99, 2003-05	0.57	Assistant Commissioner
Delhi Sales Tax Act,1975	Sales Tax	1999-2000	0.42	Additional Commissioner
Jammu & Kashmir Sales Tax Act,1962	Sales Tax	1995-96, 1999-2000	0.10	Deputy Commissioner
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	1999-2000	0.18	Chennai High Court
UP Trade Tax Act, 1948	Sales Tax	2005-07	0.09	Additional Commissioner
West Bengal Sales Tax Act, 1994	Sales Tax	1987-88, 1998-99, 1995-97, 2003-04, 2004-05	3.90	West Bengal Commercial Taxes Appellate and Revision Board
		2001-02, 2004-05	0.38	Sr. Jt. Commissioner (Appellate Authority)





# KESORAM INDUSTRIES LIMITED

Name of Statute	Nature of Dues	Period to which the Amount relates	Amount ₹ /crore	Forum where dispute is pending
		1999-2000, 2008-09	0.07	Additional Commissioner
		1995-96, 1997-98	0.21	Deputy Commissioner
Finance Act, 1944	Service Tax	March 2008 to April 2009	0.46	Commissioner
Finance Act, 1994	Service Tax	2008-11	0.35	Commissioner (Appeal)
Income Tax Act, 1961	Income Tax	2003-04, 2005-06, 2008-09	16.44	CIT (Appeal)

10. The Company has no accumulated losses as at 31st March, 2012 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 any 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, *except in respect of a legal proceeding initiated by the Company in the month of July 2011 against an erstwhile Whole time Director and certain other persons (the "accused parties") in relation to certain transactions in one of the units of the Company that were allegedly authorised and executed by/ in favour of the accused parties to the detriment of the Company's interests during the period from May, 2008 to June, 2011, which are being investigated by the Management. Pending completion of the Management's investigation, resultant impact, if any, is currently not ascertainable;* we have not come across any instance of fraud on or by the Company. [Also refer paragraph 4(a) of the audit report]

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

Prabal Kr. Sarkar  
Partner  
Membership Number 52340

Kolkata  
28<sup>th</sup> April, 2012



# KESORAM INDUSTRIES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2012

	Notes	31st March, 2012	₹ / crore 31st March, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUND</b>			
(a) Share capital	3	45.74	45.74
(b) Reserves and surplus	4	869.27	1,254.51
		<u>915.01</u>	<u>1,300.25</u>
<b>(2) NON CURRENT LIABILITIES</b>			
(a) Long term borrowings	5	2,755.77	1,748.36
(b) Deferred tax liabilities (net)	6	57.21	386.42
		<u>2,812.98</u>	<u>2,134.78</u>
<b>(3) CURRENT LIABILITIES</b>			
(a) Short term borrowings	7	1,349.57	1,474.19
(b) Trade payables	8	483.40	518.52
(c) Other current liabilities	8	890.19	980.86
(d) Short term provisions	9	71.56	47.32
		<u>2,794.72</u>	<u>3,020.89</u>
<b>TOTAL</b>		<b><u>6,522.71</u></b>	<b><u>6,455.92</u></b>
<b>II. ASSETS</b>			
<b>(1) NON CURRENT ASSETS</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	3,584.74	3,689.24
(ii) Intangible Assets	10	2.11	2.48
(iii) Capital work in progress		623.52	254.27
(iv) Intangible assets under development		0.36	0.36
		<u>4,210.73</u>	<u>3,946.35</u>
(b) Non current investments	11	66.36	65.82
(c) Long Term loan and advances	12	156.23	270.79
(d) Other non current assets	13	2.21	1.89
		<u>4,435.53</u>	<u>4,284.85</u>
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	14	995.16	1,118.55
(b) Trade receivables	15	672.44	630.20
(c) Cash and bank balances	16	69.59	72.89
(d) Short term loans and advances	12	311.73	336.52
(e) Other current assets	13	38.26	12.91
		<u>2,087.18</u>	<u>2,171.07</u>
<b>TOTAL</b>		<b><u>6,522.71</u></b>	<b><u>6,455.92</u></b>
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.  
This is the Balance Sheet referred to in our report of even date.

**For Price Waterhouse**

Firm Registration Number 301112E  
Chartered Accountants

**Prabal Kr. Sarkar**  
Partner  
Membership No 52340

Place: Kolkata  
Date : 28th April, 2012

**K. C. Jain**  
*Whole-time Director*

**Gautam Ganguli**  
*Company Secretary*

**B. K. Birla** | *Chairman*

**K. G. Maheshwari**  
**P. K. Choksey**  
**Amitabha Ghosh**  
**P. K. Mallik**

**Manjushree Khaitan**  
**Vinay Sah**  
**K. P. Khandelwal**

| *Directors*



# KESORAM INDUSTRIES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

₹ / crore, except per share data

Particulars	Notes	2011-2012	2010-2011
<b>INCOME</b>			
Revenue from operations (Gross)	17	6,282.60	5,791.27
Less: Excise Duty		361.74	352.84
Revenue from operations (Net)		5,920.86	5,438.43
Other Income	18	84.00	121.06
<b>Total Revenue (I)</b>		<b>6,004.86</b>	<b>5,559.49</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	3,424.02	3,131.99
Purchases of stock-in-trade		52.19	25.46
Changes in inventories of finished goods, Work-in-progress and stock-in-trade	20	125.14	(164.13)
Employee benefits expense	21	334.68	273.55
Other expenses	22	2,082.75	1,908.82
<b>Total Expenses (II)</b>		<b>6,018.78</b>	<b>5,175.69</b>
<b>Profit/(Loss) before interest, tax, depreciation and amortisation (EBITDA) [(I) - (II)]</b>		<b>(13.92)</b>	<b>383.80</b>
Depreciation and amortisation expenses	10	297.59	273.09
Less: Transfer from Revaluation of Fixed Assets		0.19	0.51
		297.40	272.58
Finance costs	23	410.15	263.57
<b>Profit/(Loss) before exceptional item and tax</b>		<b>(721.47)</b>	<b>(152.35)</b>
Exceptional item	24	11.22	-
<b>Profit/(Loss) before tax</b>		<b>(710.25)</b>	<b>(152.35)</b>
Tax Expenses:			
Deferred tax charge/(credit)		(329.21)	57.98
Excess provision of current tax and fringe benefit tax in respect of earlier years written back		(1.30)	(0.12)
		(330.51)	57.86
<b>Profit/(Loss) for the period</b>		<b>(379.74)</b>	<b>(210.21)</b>
<b>Earning per equity share</b>	25		
[Nominal Value per share: ₹ 10 (2010-11: ₹ 10)]			
(a) Basic – ₹		(83.02)	(45.95)
(b) Diluted – ₹		(83.02)	(45.95)
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.  
This is the Statement of Profit and Loss referred to in our report of even date.

### For Price Waterhouse

Firm Registration Number 301112E  
Chartered Accountants

### Prabal Kr. Sarkar

Partner  
Membership No 52340

Place: Kolkata  
Date : 28th April, 2012

### K. C. Jain

Whole-time Director

Gautam Ganguli  
Company Secretary

B. K. Birla | Chairman

K. G. Maheshwari

P. K. Choksey

Amitabha Ghosh

P. K. Mallik

Manjushree Khaitan

Vinay Sah

K. P. Khandelwal

Directors



# KESORAM INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

	2011-2012	2010-2011
	₹/crore	
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before tax	(710.25)	(152.34)
Adjustments for:		
Depreciation and amortisation	297.40	272.58
Debt/advance/deposits written off	5.67	0.58
Diminuation in the value of investment	-	0.16
Provision for bad and doubtful debts	2.58	0.18
Provision for contingencies	30.00	-
Finance cost	410.15	258.18
Unrealised loss/(gain) on derivative contracts	(1.02)	3.67
Unrealised loss/(gain) on foreign currency fluctuation	29.92	(13.45)
Profit on sale of fixed assets (net)	(0.04)	(2.20)
Profit on long term investment (other than trade) sold	-	(6.81)
Profit on current investment (other than trade) sold	(0.00) *	(0.01)
Liabilities no longer required written back	(11.46)	(0.80)
Interest income	(9.56)	(0.91)
Dividend income from long term investment (other than trade)	(5.72)	(5.18)
Dividend income from current investment (other than trade)	(0.37)	(0.15)
<b>Operating profit before working capital changes</b>	<b>37.30</b>	<b>353.50</b>
<b>Changes in Working Capital:</b>		
Increase / (decrease) in trade and other payables	17.22	223.13
(Increase) / decrease in trade and other receivables	42.65	(166.04)
(Increase) / decrease in inventories	123.39	(202.35)
<b>Cash Generated from Operations</b>	<b>220.56</b>	<b>208.24</b>
Taxes paid (net of refunds)	24.97	(35.88)
<b>Net cash generated from operating activities</b>	<b>245.53</b>	<b>172.36</b>
<b>B. Cash flow from Investing Activities:</b>		
Purchase of fixed assets	(554.20)	(562.39)
Sale of fixed assets	2.85	4.13
Trade investment in Joint Venture	-	0.00*
Purchase of Long Term Investments (other than trade)	(0.54)	(21.22)
Proceeds from sale of Long Term Investments (other than trade)	-	13.48
Purchase of Current Investments (other than trade)	(566.50)	(628.18)
Proceeds from sale of Current Investments (other than trade)	566.50	628.19
Loan given	(0.35)	(5.47)
Realisation of loans given	-	0.50
Loans taken	-	48.00
Loans repaid	-	(48.00)
Interest received	6.77	1.22
Income from Long Term Investments (other than trade)	5.72	5.17
Dividend from Current Investments (other than trade)	0.37	0.15
<b>Net cash from investing activities</b>	<b>(539.38)</b>	<b>(564.42)</b>



## CASH FLOW STATEMENT (contd.)

₹ / crore

	2011- 2012	2010- 2011
<b>C. Cash flow from Financing Activities</b>		
Dividends paid	(14.82)	(24.99)
Dividend distribution tax paid	(2.41)	(4.18)
Finance cost paid	(409.84)	(249.05)
Proceeds from		-
- Long term borrowings	1,733.88	1,249.23
- Short term borrowings	4,184.25	9,882.28
Repayment of		
- Long term borrowings	(861.72)	(777.83)
- Short term borrowings	(4,677.15)	(9,679.12)
Increase/(decrease) in cash credit and overdrafts from banks	338.36	(11.84)
<b>Net cash used in financing activities</b>	<b>290.55</b>	<b>384.50</b>
Net increase in cash and cash equivalents	<b>(3.30)</b>	<b>(7.56)</b>
Cash and cash equivalents at the beginning of the year	72.89	80.45
Cash and cash equivalents at the end of the year	69.59	72.89

### 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.

	31st March, 2012	31st March, 2011
<b>2. Cash and Cash Equivalents comprise :</b>		
Cash on hand	0.16	0.22
Cheques on hand	2.31	0.30
Balances with banks on current account	65.17	69.52
Others		
In post office saving bank account	0.00 *	0.00 *
<b>Other Bank Balances:</b>		
Balances with banks		
On current account	0.07	1.02
On unpaid dividend accounts	1.88	1.83
	<b>69.59</b>	<b>72.89</b>

\* Amount is below the rounding off norm adopted by the Company

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

### For Price Waterhouse

Firm Registration Number 301112E  
Chartered Accountants

### Prabal Kr. Sarkar

Partner  
Membership No 52340

Place: Kolkata

Date : 28th April, 2012

### K. C. Jain

Whole-time Director

### Gautam Ganguli

Company Secretary

### B. K. Birla

Chairman

### K. G. Maheshwari

P. K. Choksey

Amitabha Ghosh

P. K. Mallik

Manjushree Khaitan

Vinay Sah

K. P. Khandelwal

Directors



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### 1. GENERAL INFORMATION

Kesoram Industries Limited (the Company) is a public company domiciled and incorporated under the provisions of the The Indian Companies Act, 1913. The Company is a flagship company of the B. K. Birla group of companies. The Company is a multiproduct and multi location company. Cement and automobile tyre business are its core businesses and it also has interest in rayon and cellulose paper, cast iron spun pipes and caustic soda & allied chemicals. Its shares are listed on three stock exchanges in India ( Bombay Stock Exchange, National Stock Exchange and Calcutta Stock Exchange) and its Global Depository Receipts (GDR) are listed on Luxembourg Stock Exchange. The Company markets its automobile tyres under the brand name “Birla Tyres” and cement is marketed under “Birla Shakti” brand.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. These financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities

#### 2.2 Tangible Fixed assets and Depreciation

- (a) Fixed Assets, except land, building and certain items of plant and machineries, are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase cost, borrowing costs if capitalisation criteria are met and other directly attributable cost of bringing the assets to its working conditions for intended use. The cost also comprises of exchange differences arising on translation settlement of long term foreign currency monetary items pertaining to acquisition of such depreciable assets. Any trade discounts and rebates are deducted in arriving at the purchase price.
- (b) 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.



- (c) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.
- (d) Capital work in progress is stated at cost [including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 2.8 below], incurred during construction/ installation/ pre-operative period relating to items or projects in progress.
- (e) Losses arising from the retirement of and gains and losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- (f) Depreciation on revalued items of fixed assets referred to in 2.2 (b) 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 Statement of Profit and Loss from Revaluation Reserve.
- (g) Depreciation on fixed assets acquired up to 31st March, 1983 and not covered by revaluations referred to in 2.2 (b) above pertaining to Transparent Paper Division of Rayon & Transparent Paper Unit is calculated under reducing balance method at applicable rates as per Schedule XIV to the Companies Act, 1956 as revised during 1993-94.
- (h) Depreciation on fixed assets acquired up to 31st March, 1993 other than items covered in 2.2 (f) and 2.2 (g) 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.
- (i) 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 2.2(j) below ], is calculated under straight line method at applicable rates as per Schedule XIV to the Companies Act, 1956 as amended during 1993-94.
- (j) Pursuant to Central Government's approval under Section 205(2)(c) of the Companies Act, 1956 depreciation not provided in 1999-2000, 2000-2001 and 2001-2002 accounts on certain fixed asset items of Cement Units are amortised over the remaining part of specified period (as at 1<sup>st</sup> April, 2000, 1<sup>st</sup> April, 2001 and 1<sup>st</sup> April, 2002 respectively) based on the prescribed rates.
- (k) Leasehold land is amortised over the lease period.



## 2.3 Intangible assets and Amortisation

Intangible asset is capitalised where it is 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.

## 2.4 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

## 2.5 Impairment

Cash generating units/ assets are assessed for possible impairment at Balance Sheet date based on external and internal sources of information. Impairment losses, if any, are recognised as an expense in the Statement of Profit and Loss.

## 2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

## 2.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average / first-in, first-out (FIFO) basis, as considered appropriate by the Company. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Provision is made for obsolete/slow moving/defective stocks, wherever necessary.

## 2.8 Foreign Currency Translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transaction. 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 Statement of Profit and Loss 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 is 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). 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.

## 2.9 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 marked to market loss (net) relating to outstanding contracts as at the Balance Sheet date is recognised in the Statement of Profit and Loss.

Refer Note 2.8 above for forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in foreign Exchange Rates'.

## 2.10 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### *Sales of goods*

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts/allowance, sales return and sales taxes/value added tax.

## 2.11 Other Income

*Interest:* Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

*Dividend:* Dividend income is recognised when the right to receive dividend is established.

## 2.12 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.



**Provident Fund:** Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

**Gratuity:** The Company provides gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and the tenure of employment. The Company's liability is provided and funded on the basis of year end Actuarial valuation (using the Projected Unit Credit method). Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

**Compensated Absences:** Accumulated compensated absences which are expected to be availed or encashed within 12 months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end.

Accumulated compensated absences which are expected to be availed or encashed beyond 12 months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise. The Company presents the entire leave as a current liability in the balance sheet, since it does not have a unconditional right to defer its settlement for 12 months after the reporting date.

Contributions to the Central Government administered Employees' State Insurance Scheme for eligible employees is recognised as a charge in the Statement of Profit and Loss in the year in which they arise.

## 2.13 Taxes on income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

Deferred taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years.

As at the balance sheet date, unless there is evidence to the contrary, deferred tax assets pertaining to business losses are only recognised to the extent that there are deferred tax liabilities offsetting them.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet



date and the carrying amount of the MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the year.

## 2.14 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 statement of Profit and Loss on a systematic basis to match them with related costs.

## 2.15 Lease

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straightline basis in the statement of profit and loss over the lease term.

## 2.16 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

## 2.17 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit/(loss) for the period after deducting preference dividends if any and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 2.18 Provisions and Contingent Liabilities

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where



it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

## 2.19 Segment reporting

### Identification of segments

The company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

### Inter-segment transfers

The Company accounts for intersegment sales and transfers at cost.

### Unallocated items

Unallocated items include general corporate income and expense items which are not allocable to any business segment.

### Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole.

## 2.20 Measurement of EBITDA

As permitted by the Guidance Note published by the Institute of Chartered Accountants of India on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation & amortisation expense, finance costs and tax expense.

## 2.21 Use of estimates

The presentation of Financial Statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.



## 3. SHARE CAPITAL

	₹ / crore	
	<u>31<sup>st</sup> March, 2012</u>	<u>31<sup>st</sup> March, 2011</u>
<b>AUTHORISED</b>		
50,00,000 (31st March, 2011: 50,00,000) Redeemable Cumulative Preference Shares of ₹ 100 each	50.00	50.00
4,00,000 (31st March, 2011: 4,00,000) Redeemable Cumulative Second Preference Shares of ₹ 100 each	4.00	4.00
6,60,00,000 (31st March, 2011: 6,60,00,000) Ordinary Shares of ₹ 10 each	66.00	66.00
	<u>120.00</u>	<u>120.00</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
4,57,43,318 (31st March, 2011: 4,57,43,318) Ordinary Shares of ₹ 10 each fully paid up	45.74	45.74
	<u>45.74</u>	<u>45.74</u>

(a) Reconciliation of the number of shares outstanding as at 31st March, 2012 and 31st March, 2011 is set out below:

Particulars	31st March, 2012	31st March, 2011
Number of shares outstanding at the beginning of the year	4,57,43,318	4,57,43,318
Number of shares outstanding at the end of the year	4,57,43,318	4,57,43,318

### (b) Terms/rights attached to equity shares

The Company has only one class of ordinary shares ('equity shares') having a par value of ₹ 10 each. Each holder of ordinary shares ('equity shareholders') is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion to their shareholdings.

During the year ended 31st March, 2012, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 1/-. The total dividend appropriation for the year ended 31st March, 2012 amounted to ₹ 5.31 crore including corporate dividend tax of ₹ 0.74 crore.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.

Sl. No.	Name of the shareholders	<u>31st March, 2012</u>		<u>31st March, 2011</u>	
		No. of shares held	% age	No. of shares held	% age
1	Pilani Investments and Industries Corporation Limited	24,15,750	5.28	24,16,150	5.28
2	Life Insurance Corporation of India	49,84,017	10.90	49,84,017	10.90
		<u>73,99,767</u>	<u>16.18</u>	<u>74,00,167</u>	<u>16.18</u>



## 4. RESERVES AND SURPLUS

	31st March, 2012	₹ / crore 31st March, 2011
<b>Capital Reserve</b>		
(a) Development Grant/ Subsidy	0.40	0.40
(b) Amalgamation Reserve	2.91	2.91
	<u>3.31</u>	<u>3.31</u>
<b>Capital Redemption Reserve</b>	3.59	3.59
<b>Debenture Redemption Reserve</b>		
Balance at the beginning of the year	65.00	126.25
Less: Amount transferred to surplus balance in the Statement of Profit and Loss	65.00	61.25
	<u>—</u>	<u>65.00</u>
<b>Revaluation Reserve</b>		
Balance at the beginning of the year	2.89	3.39
Less: Adjustment relating to depreciation and withdrawal on/of revalued fixed assets**	0.19	0.50
	<u>2.70</u>	<u>2.89</u>
<b>General Reserve</b>	224.00	224.00
<b>Other Reserves:</b>		
(a) Doubtful Debts & Contingencies	0.20	0.20
(b) Share Buy Back Reserve	7.01	7.01
	<u>7.21</u>	<u>7.21</u>
<b>Surplus/(Deficit)</b>		
Balance at the beginning of the year	948.51	1,126.75
Add:- Profit/(Loss) for the period	(379.74)	(210.21)
Amount available for appropriation	568.77	916.54
<i>Less: Appropriations:</i>		
Proposed Dividend	4.57	14.87
Tax on Proposed Dividend	0.74	2.41
Interim Dividend	—	10.29
Tax on Interim Dividend	—	1.71
Total dividend (including corporate dividend tax)	<u>5.31</u>	<u>29.28</u>
Amount transferred to/ (from) Debenture Redemption Reserve (net)	<u>(65.00)</u>	<u>(61.25)</u>
Total appropriations	<u>(59.69)</u>	<u>(31.97)</u>
	<u>628.46</u>	<u>948.51</u>
	<u><b>869.27</b></u>	<u><b>1,254.51</b></u>
** Comprising -		
(i) Additional depreciation charge on revalued fixed assets transferred to Statement of profit and loss	0.19	0.51
(ii) Adjustment relating to fixed assets withdrawn & others	—	(0.01)
	<u><b>0.19</b></u>	<u><b>0.50</b></u>



## 5. LONG TERM BORROWINGS

	₹ / crore			
	Non current portion		Current maturities	
	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011
Term Loans:				
<b>From Banks</b>				
Indian rupee loan (secured)	2,245.00	900.00	255.00	354.87
Foreign currency loan (secured)	210.31	558.51	393.19	138.67
<b>From others</b>				
Indian rupee loan (unsecured)	–	–	–	260.00
Deposits (unsecured):				
From selling agents and others	300.46	289.85	–	–
	<u>2,755.77</u>	<u>1,748.36</u>	<u>648.19</u>	<u>753.54</u>
<b>The above amount includes:</b>				
Secured borrowings	2,455.31	1,458.51	648.19	493.54
Unsecured borrowings	300.46	289.85	–	260.00
Amount disclosed under the head “other current liabilities” (Refer Note 8)		–	(648.19)	(753.54)
	<u>2,755.77</u>	<u>1,748.36</u>	<u>–</u>	<u>–</u>

(a) Repayment terms and nature of securities given for Indian rupee term loans are as follows:

				₹ / crore
Bank	31-Mar-12	31-Mar-11	Nature of Security	Repayment Terms
State Bank of India	–	99.98	Hypothecation/mortgage over all the movable/immovable assets of the Company both present and future of all the Units of the Company ranking <i>pari-passu</i> with the existing charges save and except assets exclusively charged to others for specific loans.	Repayable in eight equal quarterly instalments after twelve months from the date of first disbursement of loan. Interest is payable monthly @1.25% p.a. below SBAR with annual reset.
State Bank of India	–	54.89	Hypothecation/mortgage over all the movable and immovable assets (including mortgage on all immovable assets of all the Units of the Company except tyres unit to be created) both present and future of all the Units of the Company ranking <i>pari passu</i> with the existing charges save and except exclusively charged to others for specific loans.	Repayable in twelve equal quarterly instalments commencing from end of first year. Interest is payable monthly @ 1% p.a. below SBAR to be reset after every two years.
	–	154.87	Carried over	



# KESORAM INDUSTRIES LIMITED

₹ / crore

Bank	31-Mar-12	31-Mar-11	Nature of Security	Repayment Terms
	–	154.87	Brought forward	
Bank of Baroda	200.00	200.00	First <i>pari passu</i> charge on all movable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres(Uttarakhand) units.	Repayable in four specified annual instalments commencing from March 2013. Interest is payable monthly @ base rate plus 1.25% p.a.
Punjab National Bank	300.00	100.00	First <i>pari passu</i> charge on all movable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres(Uttarakhand) units.	Repayable in twenty quarterly instalments starting from June 2012 distributed as first sixteen instalments of ₹ 16.25 crore each and balance four instalments of 10 crore each. Interest is payable monthly @ base rate plus 1.5% p.a. plus term premium.
IndusInd Bank Ltd.	–	100.00	<i>Pari passu</i> charge to be created on the fixed assets of the Company.	Bullet repayment at the end of thirteenth month from the date of disbursement. Interest is payable monthly @ 9.55% p.a. with semi annual reset.
State Bank of India	600.00	600.00	First <i>pari passu</i> charge on all moveable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres(Uttarakhand) units (First <i>pari passu</i> charge on all movable fixed assets and second <i>pari passu</i> charge on current assets yet to be created).	Repayable in four annual instalments commencing after twenty four months from the date of first disbursement of the loan(First two instalments of ₹ 100 crore each and balance two instalments of ₹ 200 crore each). Interest is payable monthly @ base rate plus 2% p.a. with annual reset.
State Bank of India	–	100.00	First mortgage /charge on all the fixed assets (including mortgage on all movable fixed assets 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 <i>pari passu</i> basis with all term lenders of the Company	Repayable in full on maturity date of the loan. Interest is payable monthly @ base rate plus 150 bps p.a. at monthly reset.
	1100.00	1254.87	Carried over	





# KESORAM INDUSTRIES LIMITED

₹ / crore

Bank	31-Mar-12	31-Mar-11	Nature of Security	Repayment Terms
IndusInd Bank Ltd.	1100.00 250.00	1254.87 —	Brought forward First <i>pari passu</i> charge on all movable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres(Uttarakhand) units.	Repayment commencing by the end of the calender quarter after expiry of 12 months moratorium from the date of disbursement, in quarterly instalments of ₹ 12.50 crore for first 8 quarters and thereafter. ₹ 18.75 crore each for next 8 quarters. Interest payable monthly @ base rate plus 0.75% p.a. with annual reset.
ICICI Bank Ltd.	300.00	—	First <i>pari passu</i> charge on all movable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres (Uttarakhand) units. (First <i>pari passu</i> charge on all movable fixed assets of Vasavadatta Cement unit and second <i>pari passu</i> charge on current assets yet to be created).	Repayable in 20 equal quarterly instalments commencing from the 27th month from the date of disbursement. Interest is payable monthly @ base rate plus 1.7% p.a. with annual reset.
State Bank of India	500.00	—	First <i>pari passu</i> charge on all movable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres (Uttarakhand) units.	Repayable in 12 quarterly instalments commencing from the quarter ending February, 2014 distributed as 11 instalments of ₹ 41.67 crore and the last instalment of ₹ 41.63 crore in November, 2016. Interest is payable monthly @ base rate plus 2% p.a.
	2150.00	1254.87	Carried over	



# KESORAM INDUSTRIES LIMITED

₹ / crore

Bank	31-Mar-12	31-Mar-11	Nature of Security	Repayment Terms
	2150.00	1254.87	Brought forward	
South Indian Bank Ltd.	150.00	—	First <i>pari passu</i> charge on all movable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres (Uttarakhand) units. (First <i>pari passu</i> assets charge on all immovable fixed yet to be created).	Repayable in 3 quarterly instalments of ₹ 37.50 crore each commencing from the end of 24 <sup>th</sup> month and last instalment of ₹ 37.50 crore to be remitted before expiry of 35 <sup>th</sup> month from the date of disbursement. Interest is payable monthly @ base rate plus 1.5% p.a. with annual reset.
Syndicate Bank	200.00	—	Subservient Charge on Fixed & Current assets(both present & Future) of the company.	Repayable in 5 equal monthly instalments of ₹ 40 crore starting from the end of 20th month from the date of disbursement. Interest is payable monthly @ base rate plus 0.25% p.a. with annual reset.
	<u>2,500.00</u>	<u>1,254.87</u>		

(b) Repayment terms and nature of securities given for foreign currency term loans are as follows:

₹ / crore

Bank	31-Mar-12	31-Mar-11	Nature of Security	Repayment Terms
State Bank of India	—	71.37	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 <i>pari passu</i> with the existing charges save and except assets exclusively charged to other for specific loans.	Paid in full in current year per terms of the contract. Interest paid monthly @ Libor plus 1.50% p.a.
ICICI Bank Ltd.	199.86	256.96	First <i>pari passu</i> charge on both present and future movable fixed assets of Cement expansion project at Vasavadatta Cement Unit by way of hypothecation and first <i>pari passu</i> charge of mortgage over both present and future immovable fixed assets of Vasavadatta Cement Unit of the Company.	Repayable in ten unequal half yearly instalments commencing from end of 30 <sup>th</sup> month from and including average utilisation date along with interest at 6 months @ Libor plus 1.25% p.a.
	<u>199.86</u>	<u>328.33</u>	Carried over	



# KESORAM INDUSTRIES LIMITED

₹ / crore

Bank	31Mar-12	31-Mar-11	Nature of Security	Repayment Terms
Standard Chartered Bank	199.86 45.42	328.33 55.62	Brought forward First <i>pari passu</i> charge on all movable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres(Uttarakhand) units. (second <i>pari passu</i> charge on current assets yet to be created).	Repayable in three unequal annual instalments commencing from end of second year. Interest is payable monthly @ 6 months Libor plus 1.75% p.a.
DBS Bank Ltd.	96.32	96.32	First <i>pari passu</i> charge on all movable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres(Uttarakhand) units. (Second <i>pari passu</i> charge on current assets yet to be created).	Repayable in two equal instalments payable at the end of the 36th & 39th month respectively. Interest is payable monthly @ 6 months Libor plus 2.60% p.a.
Standard Chartered Bank	70.22	89.23	First <i>pari passu</i> charge on all movable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres(Uttarakhand) units. (second <i>pari passu</i> charge on current assets yet to be created).	Repayable on different maturity dates which varies from 917 to 1051 days with interest rate which varies from libor plus 100 - 200 bps.
	411.82	569.50	Carried over	



# KESORAM INDUSTRIES LIMITED

₹ / crore

Bank	31-Mar-12	31-Mar-11	Nature of Security	Repayment Terms
HSBC	411.82 110.12	569.50 95.22	Brought forward First <i>pari passu</i> charge by way of hypothecation over the movable assets (both present and future) and immovable assets of the tyre division at Uttarakhand.	Repayable on different maturity dates which varies from 846 days to 1051 days with interest rate which varies from libor plus 100 - 130 bps.
State Bank of India	–	4.62	First <i>pari passu</i> charge to be created with other lenders on existing and future fixed assets of the Company including equitable mortgage on land and building.	Repaid in full in current year on different maturity dates which varies from 214 to 324 days with interest rate of libor plus 140 bps.
Yes Bank Ltd.	32.21	27.84	First <i>pari passu</i> charge on all movable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres (Uttarakhand) units . (First <i>pari passu</i> charge on movable fixed assets except Birla Tyres (Uttarakhand) and immovable fixed assets of Vasavadatta cement unit and second <i>pari passu</i> charge on current assets yet to be created).	Repayable in full in one bullet payment on 10th August, 2012 with interest @ libor plus 125 bps.
DBS Bank Ltd.	49.35	–	First <i>pari passu</i> charge on all movable and immovable fixed assets (both present and future) and second <i>pari passu</i> charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement and Birla Tyres(Uttarakhand) units. (First <i>pari passu</i> charge on movable fixed assets and second <i>pari passu</i> charge on current assets yet to be created).	Repayable on different maturity dates which varies from 1038 days to 1061 days with interest rate which varies from libor plus 100 - 200 bps.
	<u>603.50</u>	<u>697.18</u>		



## 6. DEFERRED TAX LIABILITIES (NET)

	<u>31st March, 2012</u>	<u>31st March, 2011</u>
<b>₹ / crore</b>		
<b>Deferred Tax Liabilities</b>		
Difference between written down value of block of assets as per Income tax laws and book written down value of the fixed assets	426.51	388.15
A	<u>426.51</u>	<u>388.15</u>
<b>Deferred Tax Assets</b>		
Business losses	357.05	–
Items allowable for tax purpose on payment	1.62	1.66
Provision for contingencies	9.73	–
Others	0.90	0.07
B	<u>369.30</u>	<u>1.73</u>
C (A–B)	<u><b>57.21</b></u>	<u><b>386.42</b></u>

- (a) During the year, the Company has recognised deferred tax assets on business losses to the extent of the deferred tax liability.  
 (b) Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation law.

## 7. SHORT TERM BORROWINGS

### Term Loan (unsecured)

#### From Bank

Indian Rupee loan	100.00	680.02
Foreign currency loan	519.41	289.61

#### From others

Indian Rupee loan	–	85.00
-------------------	---	-------

### Working Capital Loan

#### From Bank

Overdraft/ Cash credit (secured)	509.41	18.00
Working capital demand loan (secured)	139.00	292.00
Packing credit loan (secured)	74.20	100.83
Overdraft/ Cash credit (unsecured)	–	0.05

### Deposits (unsecured)

Deposit from public	4.80	7.12
Deposit from others	2.75	1.56

<b>1,349.57</b>	<b>1,474.19</b>
-----------------	-----------------

### The above amount includes:

Secured borrowings	722.61	410.83
Unsecured borrowings	626.96	1,063.36
<b>1,349.57</b>	<b>1,474.19</b>	

- (a) Working capital loan is secured against hypothecation of current assets and second charge on movable and immovable fixed assets, both present and future of the Company (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units). The cash credit and working capital demand loan are repayable on demand.



## 8. OTHER CURRENT LIABILITIES

₹ / crore unless otherwise stated

	<u>31st March, 2012</u>	<u>31st March, 2011</u>
Trade payables (Refer Note 35)	483.40	518.52
<b>Other Liabilities</b>		
Current maturities of long-term debt (Refer Note 5)	648.19	753.54
Interest accrued but not due on borrowings	6.31	11.49
Interest accrued and due on borrowings	29.30	23.21
Unpaid dividends	1.88	1.83
Unpaid matured deposits and interest accrued thereon	0.07	0.00 *
Other payables		
Advance from customers	25.41	22.02
Statutory dues	96.20	83.98
Liability for purchases of capital assets	27.67	47.00
Retention & Earnest deposits	11.79	4.56
Employee's benefits payable	23.93	16.13
Marked to market loss on derivative contracts	4.09	5.11
Other Payables	15.35	11.99
	<u>890.19</u>	<u>980.86</u>
	<u>1,373.59</u>	<u>1,499.38</u>

\* Amount is below the rounding off norm adopted by the Company

- (a) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund at Balance Sheet Date other than unclaimed dividend of ₹ 79,217 (31st March, 2011: ₹ 66,771) pertaining to cases under litigation regarding beneficial ownership of shares.

## 9. SHORT TERM PROVISIONS

### Provision for employee benefits

Provision for gratuity (Refer Note 21) (a)	10.76	6.34
Provision for leave encashment (unfunded)	18.36	15.89

### Other Provisions

Provision for disputed statutory dues	7.05	7.73
Provision for Contingencies	30.00	–
Provision for proposed dividend	4.57	14.87
Provision for corporate dividend tax	0.74	2.41
Provision for fringe benefit tax	0.08	0.08
	<u>71.56</u>	<u>47.32</u>



# KESORAM INDUSTRIES LIMITED

## 10. FIXED ASSETS

₹ / crore

	DEPRECIATION AND AMORTISATION						NET BLOCK			
	GROSS BLOCK			AMORTISATION			NET BLOCK			
	31st March 2011	Additions During the Year	Other Adjustments	Deletions/ Adjustments	31st March, 2012	31st March, 2011	For the year	On Deletions/ Adjustments during the year	31st March, 2012	31st March, 2011
<b>I. Tangible Assets:</b>										
Land :										
- Freehold	133.70	38.91	-	0.00 *	172.61	-	-	-	172.61	133.70
- Leasehold	0.60	0.20	-	-	0.80	0.59	-	0.59	0.21	0.01
Buildings	643.68	8.01	-	0.00 *	651.69	65.80	18.07	83.87	567.82	577.88
Plant and Equipments	4,167.78	111.68	30.44 (a)	4.62	4,305.28	1,243.68	271.55	2.46	1,512.77	2,924.10
Furniture and Fixtures	24.21	2.06	-	0.54	25.73	11.20	1.37	0.24	12.33	13.01
Office Equipment	24.50	1.27	-	-	25.77	10.11	3.44	0.18	13.37	14.39
Vehicles	9.92	1.87	-	1.10	10.69	3.40	0.85	0.58	3.67	6.52
Others:										
Livestock	0.09	-	-	0.00 *	0.09	-	-	-	0.09	0.09
Railway Siding	25.27	0.22	-	-	25.49	5.73	1.08	-	6.81	19.54
<b>Sub Total (A)</b>	<b>5,029.75</b>	<b>164.22</b>	<b>30.44</b>	<b>6.26</b>	<b>5,218.15</b>	<b>1,340.51</b>	<b>296.36</b>	<b>3.46</b>	<b>1,633.41</b>	<b>3,689.24</b>
<b>II. Intangible Assets:</b>										
Computer Software	3.48	0.86	-	-	4.34	1.00	1.23	-	2.23	2.48
Technical Knowhow	7.65	-	-	-	7.65	7.65	-	-	7.65	-
<b>Sub Total (B)</b>	<b>11.13</b>	<b>0.86</b>	<b>-</b>	<b>-</b>	<b>11.99</b>	<b>8.65</b>	<b>1.23</b>	<b>-</b>	<b>9.88</b>	<b>2.48</b>
<b>Total (A+B)</b>	<b>5,040.88</b>	<b>165.08</b>	<b>30.44</b>	<b>6.26</b>	<b>5,230.14 (b)</b>	<b>1,349.16</b>	<b>297.59</b>	<b>3.46</b>	<b>1,643.29</b>	<b>3,586.85</b>
Previous Year	4,514.16	535.85	(0.95)	8.18	5,040.88	1,082.34	273.09	6.27	1,349.16	3,691.72

\* Amount is below the rounding off norm adopted by the Company

₹ / crore

	31st March, 2012	31st March, 2011
a) Net exchange loss / (gain) being adjustment relating to foreign currency fluctuation (Refer Note 2.8)	30.44	(0.95)
<b>b) Including</b>		
(i) Jointly owned		
- Building	0.01	0.01
- Furniture and Fixtures & Office Equipments	0.76	0.73
- Plant & Equipments	0.14	0.14
(ii) Cost of assets lying with third parties	3.84	2.66
(iii) Freehold land includes land given on operating lease to third party	0.01	0.01
(iv) Land, buildings and certain plant and equipments 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.		
The gross book value of revalued fixed assets is as follows:		
- Freehold Land	2.98	2.98
- Buildings	11.39	11.39
- Plant and Equipments	63.39	64.69
	<b>77.76</b>	<b>79.06</b>

a) Net exchange loss / (gain) being adjustment relating to foreign currency fluctuation (Refer Note 2.8)

b) Including

(i) Jointly owned

- Building

- Furniture and Fixtures & Office Equipments

- Plant & Equipments

(ii) Cost of assets lying with third parties

(iii) Freehold land includes land given on operating lease to third party

(iv) Land, buildings and certain plant and equipments 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.

The gross book value of revalued fixed assets is as follows:

- Freehold Land

- Buildings

- Plant and Equipments



# KESORAM INDUSTRIES LIMITED

## 11. INVESTMENTS

₹ / crore, except as otherwise stated

	Number	Face Value of each Share	Book Value 31st March 2012	Book Value 31st March 2011
<b>NON CURRENT INVESTMENT</b>				
(valued at cost less provision for other than temporary diminution)				
₹				
<b>A. Long Term – Trade (Unquoted)</b>				
<b>Investment in Equity Instruments of Joint Venture Company (Fully paid up)</b>				
Gondkhari Coal Mining Limited	22,730	10	0.02	0.02
<b>B. Long Term - Other than Trade</b>				
<b>Investment in Equity Instruments (Fully paid up)</b>				
<b>Unquoted</b>				
Birla Buildings Ltd.	30,000	10	0.03	0.03
Coromandel Stampings & Stones Ltd.	10,000	10	0.00 *	0.00 *
Kesoram Insurance Broking Services Ltd.	1,43,000	10	0.03	0.03
Calcutta Stock Exchange Association Ltd.	10,455	1	2.09	2.09
Essel Mining & Industries Ltd.	119	10	0.24	0.24
Meghdoot Co-operative Housing Society Ltd.	10	100	0.00 *	0.00 *
Padmavati Investment Ltd.	7,231	10	0.59	0.59
Vasavadatta Services Ltd.	18,800	10	0.02	0.02
<b>Quoted</b>				
Aditya Birla Nuvo Ltd.	6,14,162	10	4.65	4.65
Century Enka Ltd.	13,40,680	10	12.91	12.91
Century Textiles & Industries Ltd.	27,46,100	10	16.93	16.93
Grasim Industries Ltd.	1,42,220	10	0.57	0.57
HGI Industries Ltd.	4,96,100	10	0.00 *	0.00 *
Hindalco Industries Ltd.	53,586	1	0.15	0.15
Jay Shree Tea & Industries Ltd.	3,88,116	5	0.01	0.01
Kesoram Textile Mills Ltd.	49,96,986	2	4.63	4.63
Mangalam Cement Ltd.	38,19,563	10	20.12	19.58
(47,954 Equity Shares purchased during the period)	(37,71,609)			
Mangalam Timber Products Ltd.	25,28,462	10	3.37	3.37
Manjushree Plantations Ltd.	2,33,423	10	1.20	1.20
Less : Provision for other than temporary diminution			1.20	1.20
Ultratech Cement Ltd. *	81,268	10	-	-
(Shares allotted due to amalgamation of Samruddhi Cement Ltd. with Ultratech Cement Ltd.)				
Vidula Chemicals & Manufacturing Industries Ltd.	44,750	10	0.06	0.06
Less : Provision for other than temporary diminution			0.06	0.06
			<b>66.36</b>	<b>65.82</b>

\* Amount is below the rounding off norm adopted by the Company

(a) Aggregate amount of quoted investments	64.60	64.06
(b) Aggregate amount of unquoted Investments	3.02	3.02
(c) Aggregate provision for diminution in value of investments	1.26	1.26
(d) Aggregate market value of quoted investments (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)	284.58	267.95





# KESORAM INDUSTRIES LIMITED

## 12. LONG/SHORT TERM LOANS AND ADVANCES

	Non-current		Current	
	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011
<i>₹ / crore</i>				
<i>Unsecured, considered good unless stated otherwise</i>				
Capital advances	57.13	183.19	–	–
<b>(A)</b>	<b>57.13</b>	<b>183.19</b>	–	–
Security Deposits	28.06	22.00	–	–
<b>(B)</b>	<b>28.06</b>	<b>22.00</b>	–	–
Loans and advances to related parties	6.44	5.69	–	–
<b>(C)</b>	<b>6.44</b>	<b>5.69</b>	–	–
Advances recoverable in cash or kind	0.64	0.28	237.67	256.40
<b>(D)</b>	<b>0.64</b>	<b>0.28</b>	<b>237.67</b>	<b>256.40</b>
Other loans and advances				
Advance Tax [net of provision for taxation				
₹ 335.70 crore (31st March, 2011 : ₹ 335.70 crore)]	–	–	25.96	47.30
MAT Credit entitlements	44.50	44.50	–	–
Prepaid Expenses	–	–	5.81	10.75
Accruals under duty exemption scheme	–	–	3.93	8.65
Loan to employees	0.28	0.23	0.25	0.26
Loan to other body corporate	5.75	5.75	–	–
Balance with statutory/government authorities	13.43	9.15	38.11	13.16
<b>(E)</b>	<b>63.96</b>	<b>59.63</b>	<b>74.06</b>	<b>80.12</b>
<b>Total (A+B+C+D+E)</b>	<b>156.23</b>	<b>270.79</b>	<b>311.73</b>	<b>336.52</b>



# KESORAM INDUSTRIES LIMITED

## 13. OTHER NON-CURRENT / CURRENT ASSETS

₹ / crore

	Non-current		Current	
	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011
<b>Unsecured, considered good unless stated otherwise</b>				
Long term trade receivables	1.14	1.14	–	–
Non current bank balance (Refer Note 16)	1.07	0.75	–	–
<b>(A)</b>	<b>2.21</b>	<b>1.89</b>	<b>–</b>	<b>–</b>
<b>Unamortised expenditure</b>				
Unamortised foreign currency monetary item translation difference account	–	–	0.88	–
<b>(B)</b>	<b>–</b>	<b>–</b>	<b>0.88</b>	<b>–</b>
<b>Others</b>				
Allotment money receivable	–	–	0.00 *	0.00 *
Insurance claim	–	–	36.87	12.46
Interest accrued on deposits	–	–	0.51	0.45
<b>(C)</b>	<b>–</b>	<b>–</b>	<b>37.38</b>	<b>12.91</b>
<b>Total (A+B+C)</b>	<b>2.21</b>	<b>1.89</b>	<b>38.26</b>	<b>12.91</b>

\* Amount is below the rounding off norm adopted by the Company

## 14. INVENTORIES

(Refer Note 2.7)

₹ / crore

	31st March, 2012	31st March, 2011
Raw Materials [Includes material in transit ₹ 45.11 crore (31st March, 2011: ₹ 86.69 crore)]	417.01	424.49
Work-in-Progress	114.08	172.81
Finished Goods [Includes goods in transit ₹ 8.62 crore (31st March, 2011: ₹ 4.19 crore)]	317.20	390.99
Stock-in-trade (in respect of goods acquired for trading)	6.37	1.99
Stores and Spare Parts [Includes material in transit ₹ 6.55 crore (31st March, 2011: ₹ 7.20 crore)]	140.50	128.27
	<b>995.16</b>	<b>1,118.55</b>



# KESORAM INDUSTRIES LIMITED

## 15. TRADE RECEIVABLES

₹ / crore

	<u>31st March, 2012</u>	<u>31st March, 2011</u>
Outstanding for a period exceeding six months from the date they are due for payment		
Secured - Considered good	13.27	3.38
Unsecured - Considered good	10.05	8.78
Unsecured - Considered doubtful	2.76	0.20
	<u>26.08</u>	<u>12.36</u>
Less: Provision for doubtful debts	2.76	0.20
(A)	<u>23.32</u>	<u>12.16</u>
Other debts		
Secured - Considered good	196.17	197.48
Unsecured - Considered good	452.95	420.56
(B)	<u>649.12</u>	<u>618.04</u>
<b>Total (A+B)</b>	<b><u>672.44</u></b>	<b><u>630.20</u></b>

## 16. CASH AND BANK BALANCES

₹ / crore

	<u>Non-current</u>		<u>Current</u>	
	<u>31st March, 2012</u>	<u>31st March, 2011</u>	<u>31st March, 2012</u>	<u>31st March, 2011</u>
<b>Cash and cash equivalents</b>				
Cash on hand	–	–	0.16	0.22
Cheques on hand	–	–	2.31	0.30
<b>Balances with bank :</b>				
On Current accounts	–	–	65.17	69.52
[including Remittances in transit ₹45.85 crore (31st March, 2011- ₹ 45.86 crore)]				
<b>Others</b>				
In post office saving bank account	–	0.00 *	0.00 *	
<b>Other Bank Balances</b>				
Deposit with original maturity for more than 12 months	1.07	0.75	0.00 *	–
Deposit with original maturity for more than 3 months but less than 12 months	–	0.00 *	0.07	1.02
Balances with bank:				
On unpaid dividend accounts	–	–	1.88	1.83
	<u>1.07</u>	<u>0.75</u>	<u>69.59</u>	<u>72.89</u>
Amount disclosed under other non current assets (Refer Note 13)	(1.07)	(0.75)	–	–
	<u>–</u>	<u>–</u>	<u>69.59</u>	<u>72.89</u>

(a) Other bank balances on deposits accounts includes:-

- Deposits pledged with the Sales Tax	0.00 *	0.00 *
- Held as lien by bank against bank guarantees	0.06	–

\* Amount is below the rounding off norm adopted by the Company

(b) Other bank balances as of 31st March, 2012 and 31st March, 2011 include restricted bank balances of ₹ 1.88 crore and ₹ 1.83 crore respectively. The restrictions are primarily on account of bank balances held in unclaimed dividends accounts.



## 17. REVENUE FROM OPERATIONS

	<u>2011-2012</u>	<u>2010-2011</u>
		₹ /crore
Sale of products	6,265.12	5,750.72
Other operating revenues	17.48	40.55
	<u>6,282.60</u>	<u>5,791.27</u>
Less: Excise duty	361.74	352.84
	<u><b>5,920.86</b></u>	<u><b>5,438.43</b></u>

## 18. OTHER INCOME

(a) Interest Income		
- On loans	0.96	0.83
- On bank and other deposits	0.82	0.52
- On delayed payments by customers	5.45	4.98
- On income tax refund	2.33	-
(b) Dividend Income		
- from long term investments	5.72	5.18
- from current investments	0.37	0.15
(c) Net gain on sale of investments		
- long term investments	-	6.81
- current investments	0.00 *	0.01
(d) Profit on fixed assets sold/ discarded (net)	0.04	2.20
(e) Foreign currency translation gain (net)	-	16.86
(f) Claims from insurance company	29.41	45.48
(g) Liabilities no longer required written back	11.46	0.80
(h) Miscellaneous income	27.44	37.24
	<u><b>84.00</b></u>	<u><b>121.06</b></u>

\* Amount is below rounding off norm adopted by the Company

## 19. COST OF MATERIALS CONSUMED

### Raw Materials Consumed

Opening Stock	424.49	368.26
Purchases	3,334.84	3,086.52
	<u>3,759.33</u>	<u>3,454.78</u>
Less : Closing Stock	417.01	424.49
	<u>3,342.32</u>	<u>3,030.29</u>
Raising cost of limestone [Refer Note (a) below]	81.70	101.70
	<u><b>3,424.02</b></u>	<u><b>3,131.99</b></u>



# KESORAM INDUSTRIES LIMITED

## Note 19. Contd..

			<u>2011-2012</u>	<u>2010-2011</u>	<u>₹ /crore</u>
<b>(a) Limestone raising costs include:</b>					
Salaries, Wages, Bonus etc.			6.76		5.91
Contribution to Provident and other Funds			0.56		0.49
Workmen and Staff welfare			0.59		0.58
Dead Rent, Royalty etc.			35.34		43.19
Power and Fuel			0.11		0.07
Stores and spares parts consumed			20.36		24.38
Machinery repairs			13.01		16.84
Other repairs			0.23		0.16
Rates and taxes			0.17		0.55
Insurance			0.04		0.04
<b>(b) Purchase of finished goods comprise:</b>					
			<u>Quantity</u>		
			<u>2011-2012</u>	<u>2010-2011</u>	
Tubes	Nos	3,54,702	1,44,902		15.07
Flaps	Nos	10,32,205	3,69,433		37.12
					<u>52.19</u>
					<u>25.46</u>
<b>20. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>					
Opening Stock					
- Work - in - progress			172.81		116.10
- Finished Goods			392.98		290.78
			<u>565.79</u>		<u>406.88</u>
Less: Closing Stock					
- Work - in - progress			114.08		172.81
- Finished Goods			323.57		392.98
			<u>437.65</u>		<u>565.79</u>
Less: Transferred to Capital Jobs			3.00		5.22
			<u>125.14</u>		<u>(164.13)</u>
<b>21. EMPLOYEE BENEFITS EXPENSE</b>					
Salaries, Wages, Bonus etc.			284.17		230.90
Contribution to Provident Fund [Refer note (b) below]			23.64		20.17
Contribution to Superannuation Fund			0.68		0.71
Contribution to Labour Welfare Fund			0.10		0.11
Contribution to Gratuity Fund [Refer note (a) below]			10.76		6.34
Contribution under Employees State Insurance Scheme			3.65		4.40
Workmen and Staff Welfare			11.68		10.92
			<u>334.68</u>		<u>273.55</u>



## Note 21. Contd..

### (a) Gratuity

The Company operates a gratuity plan through the “KICM Gratuity Fund”. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. (Also refer Note 2.12)

The Company has contributed ₹ 10.76 crore (2010-11 : ₹ 6.34 crore) towards gratuity during the year ended 31st March, 2012. The detail of fund and plan assets position is as follows.

	<u>2011-2012</u>	<u>2010-2011</u>
<b>₹/crore</b>		
<b>I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation</b>		
(a) Present Value of Obligation at the beginning of the year	63.81	57.28
(b) Current Service Cost	4.84	4.32
(c) Interest Cost	4.83	4.42
(d) Actuarial Loss / (Gain)	5.34	1.84
(e) (Benefits Paid)	(10.55)	(4.05)
(f) Present Value of Obligation at the end of the year	<u>68.27</u>	<u>63.81</u>
<b>II. Reconciliation of opening and closing balances of the fair value of Plan Assets</b>		
(a) Fair Value of Plan Assets at the beginning of the year	57.46	55.20
(b) Expected Return on Plan Assets	4.60	4.42
(c) Actuarial Gain/(Loss)	(0.34)	(0.19)
(d) Contributions by employer	6.34	2.08
(e) (Benefits Paid)	(10.55)	(4.05)
(f) Fair Value of Plan Assets as at the end of the year	<u>57.51</u>	<u>57.46</u>
<b>III. Reconciliation of the present value of Defined Benefit Obligation in ‘I’ above and the fair value of Plan Assets in ‘II’ above</b>		
(a) Present Value of Obligation as at the end of the year	68.27	63.81
(b) Fair Value of Plan Assets as at the end of the year	57.51	57.46
(c) Liability recognised in the Balance Sheet	10.76	6.34
(d) Experience (Gain) /Loss adjustment on plan liabilities	5.34	1.84
(e) Experience Gain/(Loss) adjustment on plan assets	(0.34)	(0.19)
<b>IV. Expense charged to the Statement of Profit and Loss</b>		
(a) Current Service Cost	4.84	4.32
(b) Interest Cost	4.83	4.42
(c) (Expected Return on Plan Assets)	(4.60)	(4.42)
(d) Actuarial (Gain)/Loss	5.69	2.02
(e) Total expense charged to the Statement of Profit and Loss	<u>10.76</u>	<u>6.34</u>



## Note 21. Contd..

### V. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets

	<u>31st March, 2012</u>	<u>31st March, 2011</u>
(a) NAV / Interest based schemes with Insurance Companies	97.72%	70.40%
(b) Special Deposit Scheme with State Bank of India	-	23.25%
(c) Government (Central and State) Securities	1.03%	1.39%
(d) Others (including bank balances)	1.25%	4.96%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### VI. Amount recognised in current year and previous four years

	<u>₹ /crore</u>				
	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
(a) Present Value of Obligation as at the end of the year	68.27	63.81	57.28	50.13	47.01
(b) Fair Value of Plan Assets as at the end of the year	57.51	57.46	55.20	43.64	42.82
(c) Liability recognised in the Balance Sheet	10.76	6.34	2.08	6.49	4.19
(d) Experience (Gain) /Loss adjustment on plan liabilities	5.34	1.84	4.74	0.37	3.40
(e) Experience Gain/(Loss) adjustment on plan assets	(0.34)	(0.19)	7.02	(2.86)	0.11

### VII. Actual Return on Plan Assets

	<u>2011-2012</u>	<u>2010-2011</u>
	4.26	4.25

### VIII. Principal Actuarial Assumptions

	<u>31st March, 2012</u>	<u>31st March, 2011</u>
(a) Discount Rate (per annum)	8.25%	8.00%
(b) Expected Rate of Return on Plan Assets (per annum)	8.00%	8.00%
(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.

#### (b) Provident Fund

Provident fund for certain eligible employees is managed by the Company through the “B. K. Birla Group of Companies Provident Fund Institution” and “Birla Industries Provident Fund”, in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

The Guidance on Implementing AS 15, Employee Benefits (Revised 2005) issued by the Accounting Standard Board (ASB) states that benefits involving employer established provident funds, which require interest shortfalls to be compensated are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The actuary has accordingly provided a valuation and there is no shortfall as at 31st March, 2012.



## Note 21. Contd..

The Company has contributed ₹ 23.64 crore (2010-11 : ₹ 20.17 crore) towards provident fund during the year ended 31st March, 2012.

(i) The detail of fund and plan assets position are as follows.

	₹ /crore
	<u>31st March, 2012</u>
Present Value of Obligations as at the end of the year	159.73
Fair Value of Plan Assets as at the end of the year	192.31
(ii) Principal Actuarial Assumptions	
Discount Rate (per annum)	8.25%
Expected Rate of Return on Plan Assets (per annum)	8.67%

The current year is the first year of actuarial valuation for the provident fund schemes administered through the Trusts, in view of the issuance of the Guidance Note by the Institute of Actuaries of India, hence previous years figures are not disclosed.

## 22. OTHER EXPENSES

	2011-2012	2010-2011
		₹ /crore
Consumption of stores and spare parts	103.97	108.17
Power and fuel [Refer Note (a) below]	761.50	689.29
Rent	10.00	8.31
Repairs and Maintenance [Refer Note (b) below]		
Building	7.03	7.93
Plant and Machinery	47.47	58.74
Others	5.93	6.84
Insurance	8.83	9.44
Rates and Taxes	40.82	37.73
Brokerage and Discounts	275.21	226.60
Packing, Carriage and Shipping [Refer Note (c) below]	466.67	476.53
Commission to selling agents	77.22	79.41
Directors' Fees	0.11	0.12
Debts/ Advances/ Deposits written off	5.67	0.58
Diminutions in value of investment	-	0.16
Provision for doubtful debts	2.58	0.18
Provision for contingencies	30.00	-
Payments to the Auditors [Refer Note (d) below]	1.98	1.61
Guarantee commission	0.28	0.38
Technical service charges	0.55	4.24
Conversion charges	10.06	37.24
Excise duty [Refer Note (e) below]	2.66	0.21
Foreign currency translation loss (net)	52.09	-
Miscellaneous expenses [Refer Note (f) below]	172.12	155.11
	<u>2,082.75</u>	<u>1,908.82</u>





## Note 22. Contd..

	<u>2011-2012</u>	<u>2010-2011</u>
		₹ /crore
(a) Power and Fuel includes consumption of stores and spares	615.11	542.48
(b) Repair and Maintenance includes:		
(i) Consumption of stores and spares parts	8.97	8.62
(ii) Salaries and Wages	15.90	21.04
(iii) Technical service fees	0.12	0.38
(c) Packing, carriage and shipping includes :		
(i) Consumption of stores and spares parts	61.54	60.13
(ii) Salaries and Wages	8.02	7.28
(d) Payment to auditor		
<b>As Auditors :</b>		
Audit Fees	0.93	0.85
Tax Audit Fees	0.34	0.30
Fees for issuing various certificates (including Limited Reviews)	0.61	0.45
Others	0.10	-
Reimbursement of Expenses	0.00 *	0.01
	<u>1.98</u>	<u>1.61</u>
(e) Represents excise duty related to the difference between the closing stock and opening stock		
(f) Miscellaneous expenses includes		
(i) Consumption of stores and spares parts	3.65	2.42
(ii) Payment to cost auditors	0.06	0.05
(g) Fixed Assets (Note 10) /Capital Work in Progress include consumption of stores and spares parts during the year	34.29	55.33

\* Amount below rounding off norms adopted by the Company

## 23. FINANCE COSTS

Interest expenses	383.10	239.82
Other borrowing costs	27.05	23.75
	<u>410.15</u>	<u>263.57</u>

## 24. EXCEPTIONAL ITEM

The Company has lodged an insurance claim of ₹ 38.01 crore (including claim for loss of profit of ₹ 11.22 crore treated as exceptional income) on account of loss suffered due to flood at its Birla Tyre unit (Uttarakhand) and accounted for as receivable. Against this claim an amount of ₹ 12.58 crore has already been received and ₹ 7.29 crore is realisable against confirmed order for salvage. The balance amount of ₹ 18.14 crore is being processed by the insurance company for settlement.



## 25. EARNINGS PER SHARE

	<u>2011-2012</u>	<u>2010-2011</u>
		<i>₹/crore</i>
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 (₹)	10	10
Profit/(Loss) after tax (₹ in crore)	(B) (379.74)	(210.21)
Earnings per share (Basic and Diluted) (₹)	(B/A) (83.02)	(45.95)

## 26. EXPENDITURE IN FOREIGN CURRENCY DURING THE YEAR

Technical Service Fees	0.29	6.30
Commission, Brokerage and Discount	0.30	0.20
Interest	21.12	24.17
Miscellaneous (Travelling, Listing fees etc.)	2.60	4.03

*Previous year figure was taken on payment basis compared to accrual basis of current year*

## 27. EARNINGS IN FOREIGN EXCHANGE DURING THE YEAR

Exports (excluding export to Nepal and Bhutan) of goods [F.O. B.]	511.87	339.32
---	--------	--------

*Previous year figure was on realisation basis compared to accrual basis of current year*

## 28. C.I.F VALUE OF IMPORTS

Raw Materials	887.35	859.22
Components and Spare Parts (including stores)	16.45	11.32
Capital Goods	136.54	142.45
	<u>1,040.34</u>	<u>1,012.99</u>

## 29. CONTINGENT LIABILITIES

(a) Guarantees given -		
(i) to excise authorities	0.12	0.12
(ii) by Banks on behalf of the Company	58.40	64.62
(excluding relating to joint venture referred to in note 33 below)		
(b) Claims against the Company not acknowledged as debts :		
(i) Rates, Taxes, Duties etc. demanded by various Authorities	213.95	137.76
(ii) Amount demanded by Provident Fund Authorities which is sub judice	0.87	0.87
(c) Rates, Taxes, Duties etc.	15.80	30.30
(d) Amount payable in connection with reorganisation of the Company in earlier year	3.49	3.59



## 30. CAPITAL AND OTHER COMMITMENTS

	<i>₹ /crore</i>	
	<u>31st March, 2012</u>	<u>31st March, 2011</u>
<b>(a) Capital Commitments</b>		
Estimated value of contracts in capital account remaining to be executed [net of advances ₹ 51.29 crore (31st March, 2011 - ₹183.19 crore)]	192.94	375.11
<b>(b) Other Commitments</b>		
The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfil quantified exports in the next three years.	206.71	355.76
<b>TOTAL</b>	<u>399.65</u>	<u>730.87</u>

31. The Company has initiated legal action against an erstwhile management official and others in respect of certain transactions in one of its units. A detailed follow up investigation in the matter has also been commissioned by the Company. The investigation being on going and the matter being sub judice, resulting adjustments and related disclosures, if any, that may be required, can not be readily ascertained at this stage.

## 32. DERIVATIVE INSTRUMENTS

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 ₹ 4.09 crore (31st March, 2011 - ₹ 5.11 crore) in respect of outstanding derivative contracts at the Balance Sheet date by marking them to market as indicated in Note 2.9 above and the resultant excess liability of ₹ 1.02 crore net of realised loss (net) of ₹ 7.29 crore during the year arising from derivative contracts are provided for and included in Finance Cost under Note 23 to accounts. In 2010-11, the aforesaid marked to market loss along with realised loss (net) of ₹ 3.14 crore was included in 'Finance Cost' under Note 23 to accounts.

## 33. JOINT VENTURES

The Company has the following investment in a jointly controlled entity

Name of the Joint Venture	Country of Incorporation	Proportion of ownership interest	
		<u>31st March, 2012</u>	<u>31st March, 2011</u>
Gondhkhari Coal Mining Limited	India	45.46	45.46

The Company's share of each of the assets, equity & liabilities, income and expenses (each without elimination of the effect of transactions between the Company and Joint Venture) in the joint venture, based on the audited financial statements are as follows:



## Note 33. Contd..

	<u>31st March, 2012</u>	<u>31st March, 2011</u>
	₹ /crore	
<b>I ASSETS</b>		
Tangible assets	0.02	0.02
Capital work in progress	6.29	5.58
Long term loan and advances	0.00 *	-
Cash and Bank balances	0.01	0.06
Short term loans and advances	0.03	-
	<u>6.35</u>	<u>5.66</u>
<b>II LIABILITIES</b>		
Long term borrowings	5.76	5.46
Other long terms liabilities	0.62	0.23
Trade payables	0.08	-
Other current liabilities	0.08	0.04
	<u>6.54</u>	<u>5.73</u>
<b>III INCOME</b>		
Revenue	-	-
<b>IV EXPENSES</b>		
Employees benefit expenses	0.06	0.01
Other Expenses	0.06	0.05
Depreciation and amortisation expenses	0.00 *	0.00 *
Finance Cost	0.00 *	-
<b>VI Share of Contingent Liabilities</b>		
(Guarantees given by bank)	5.40	5.40

\* Amount is below the rounding off norm adopted by the Company

## 34. LEASES

### As a lessee:

#### Operating Lease

Rent expenditure (under Note 22) includes lease payments of ₹ 1.26 crore (2010-11 - ₹ 0.85 crore) 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.

With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

	<u>31st March, 2012</u>	<u>31st March, 2011</u>
	₹ /crore	
(i) not later than one year	1.01	1.26
(ii) later than one year but not later than five years	4.30	4.14
(iii) later than five years	2.96	4.12



## Note 34. Contd..

### As a lessor:

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

	<u>31st March, 2012</u>	<u>31st March, 2011</u>
		<i>₹ /crore</i>
Gross carrying amount as on balance sheet date	1.98	1.98
Accumulated depreciation amount as on balance sheet date	0.07	0.04
Net carrying amount as on balance sheet date	1.91	1.94
Depreciation recognised in statement of profit and loss	0.03	0.03

With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

(i) not later than one year	0.24	0.22
(ii) later than one year but not later than five years	0.43	0.67
(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.

35. The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). The disclosures pursuant to the said MSMED Act are as follows:

	<u>31st March, 2012</u>	<u>31st March, 2011</u>
		<i>₹ /crore</i>
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.11	0.44
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.



## 36. REMITTANCES IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

₹/crore

Financial Year	On account of	Number of non resident Shareholders	Number of share held	Dividend Amount
2011-12	2010-11 Final	2	73,41,875	2.39
2010-11	2009-10 Final	2	73,41,875	2.39
	2010-11 Interim	2	73,41,875	1.65

₹/crore

31st March, 2012

31st March, 2011

37. Shares of Jay Shree Tea & Industries Ltd. held by the Company at face value being bonus shares remaining unclaimed
- |  |      |      |
|--|------|------|
|  | 0.02 | 0.02 |
|--|------|------|
38. 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.
39. The time frame of completion of expansion of 80 MT/day capacity of car radial project at Balasore and 85 MT/day capacity of truck radial tyre project at Uttarakhand has been extended to the second half of 2012-13
40. The time frame for completion of expansion of the 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 ₹ 925.00 crore 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 ₹ 200.00 crore) is being extended beyond 2012-13.



## 41. DETAILS OF PRE-OPERATIVE EXPENSES INCURRED RELATING TO EXPANSION/ GREENFIELD PROJECTS REFERRED TO IN NOTE 39 AND 40

₹ /crore

	2011-2012				
	Up to	During	Total	Capitalised/	Balance as on
	31st March 2011	2011-2012	(c) = (a)+(b)	transferred	31st March 2012
	(a)	(b)	(c) = (a)+(b)	(d)	(e) = (c) - (d)
Salaries, Wages, Bonus etc.	1.18	1.18	2.36	-	2.36
Contribution to Provident and Other Funds	0.08	0.08	0.16	-	0.16
Workmen and Staff Welfare	(0.00) *	(0.00) *	(0.00) *	-	(0.00) *
Power and Fuel	0.35	0.48	0.83	-	0.83
Repairs and Maintenance to Plant & Machinery	0.04	0.01	0.05	-	0.05
Rent	-	-	-	-	-
Rates & Taxes	0.01	0.04	0.05	-	0.05
Insurance	0.26	0.22	0.48	-	0.48
Miscellaneous Expenses	0.97	2.07	3.04	-	3.04
<b>Total (A)</b>	<b>2.89</b>	<b>4.08</b>	<b>6.97</b>	<b>-</b>	<b>6.97</b>
Electricity/Rent Receipts	0.00 *	0.08	0.08	-	0.08
<b>Total (B)</b>	<b>0.00 *</b>	<b>0.08</b>	<b>0.08</b>	<b>-</b>	<b>0.08</b>
<b>Net Pre-Operative Expenses (A-B)</b>	<b>2.89</b>	<b>4.00</b>	<b>6.89</b>	<b>-</b>	<b>6.89#</b>

	2010-2011				
	Up to	During	Total	Capitalised/	Balance as on
	31st March 2010	2010-2011	(c) = (a)+(b)	transferred	31st March 2011
	(a)	(b)	(c) = (a)+(b)	(d)	(e) = (c) - (d)
Salaries, Wages, Bonus etc.	0.74	1.04	1.78	0.60	1.18
Contribution to Provident and Other Funds	0.04	0.07	0.11	0.03	0.08
Workmen and Staff Welfare	0.02	(0.00) *	0.02	0.02	0.00 *
Power and Fuel	0.58	0.31	0.89	0.54	0.35
Repairs and Maintenance to Plant & Machinery	0.00 *	0.04	0.04	0.00 *	0.04
Rent	0.02	-	0.02	0.02	-
Rates & Taxes	0.05	0.01	0.06	0.05	0.01
Insurance	0.07	0.26	0.33	0.07	0.26
Miscellaneous Expenses	3.56	0.67	4.23	3.26	0.97
	5.08	2.40	7.48	4.59	2.89
Interest	6.87	-	6.87	6.87	-
<b>Total (A)</b>	<b>11.95</b>	<b>2.40</b>	<b>14.35</b>	<b>11.46</b>	<b>2.89</b>
Electricity/Rent Receipts	-	0.00 *	0.00 *	-	0.00 *
<b>Total (B)</b>	<b>-</b>	<b>0.00 *</b>	<b>0.00 *</b>	<b>-</b>	<b>0.00 *</b>
<b>Net Pre-Operative Expenses (A-B)</b>	<b>11.95</b>	<b>2.40</b>	<b>14.35</b>	<b>11.46</b>	<b>2.89#</b>

\* Amount is below the rounding off norm adopted by the Company

# included in capital work in progress



# KESORAM INDUSTRIES LIMITED

## 42. INFORMATION ABOUT BUSINESS SEGMENTS

	2011-2012				₹ /crore
	Tyres	Cement	Rayon, T.P. and Chemicals	Others	Total
<b>Segment Revenue</b>					
Sales	3,922.44	2,060.45	282.96	-	6,265.85
Less: Inter-segment sales (made at cost)	0.59	0.14	-	-	0.73
Total	<u>3,921.85</u>	<u>2,060.31</u>	<u>282.96</u>	-	<u>6,265.12</u>
Other operating revenue	11.42	3.79	1.95	0.32	17.48
	<u><b>3,933.27</b></u>	<u><b>2,064.10</b></u>	<u><b>284.91</b></u>	<u><b>0.32</b></u>	<u><b>6,282.60</b></u>
<b>Segment Results [Profit/(Loss) after considering other income and before interest and tax]</b>					
	(616.68)	439.32	(12.99)	(1.66)	(192.01)
Interest					(383.10)
Other borrowing cost					(27.05)
Others unallocated expenditure (net of income)					(108.09)
<b>Profit Before Tax</b>					<u><b>(710.25)</b></u>
Segment Assets	4,303.65	1,885.61	161.07	7.06	6,357.39
Unallocated Assets					165.32
<b>Total</b>					<u><b>6,522.71</b></u>
Segment Liabilities	853.46	188.40	36.52	0.94	1,079.32
Unallocated Liabilities					4,528.38
<b>Total</b>					<u><b>5,607.70</b></u>
Segment Capital Expenditure	257.99	167.65	1.20	-	426.84
Unallocated Capital Expenditure					1.31
<b>Total</b>					<u><b>428.15</b></u>
Segment Depreciation and amortisation	188.60	103.68	4.65	0.22	297.15
Unallocated Segment Depreciation and amortisation					0.25
<b>Total</b>					<u><b>297.40</b></u>
Non cash expenditure other than depreciation and amortisation included in segment expense	7.66	0.63	2.85	-	
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

## Note 42. Contd..

### Information about Business segments

₹ /crore

	2010-2011				Total
	Tyres	Cement	Rayon, T.P. and Chemicals	Others	
<b>Segment Revenue</b>					
Sales	3,608.51	1,852.08	293.01	-	5,753.60
Less: Inter-segment sales(made at cost)	-	2.81	0.07	-	2.88
	<u>3,608.51</u>	<u>1,849.27</u>	<u>292.94</u>	<u>-</u>	<u>5,750.72</u>
Other operating revenue	29.76	7.03	2.72	1.04	40.55
	<u><b>3,638.27</b></u>	<u><b>1,856.30</b></u>	<u><b>295.66</b></u>	<u><b>1.04</b></u>	<u><b>5,791.27</b></u>
Segment Results [Profit/(Loss) after considering other income and before interest and tax]	(180.63)	274.15	9.13	(1.78)	100.87
Interest					(239.83)
Other borrowing cost					(23.75)
Others unallocated expenditure (net of income)					10.36
<b>Profit Before Tax</b>					<u><b>(152.35)</b></u>
Segment Assets	4,372.58	1,753.97	122.52	7.41	6,256.48
Unallocated Assets					199.44
<b>Total</b>					<u><b>6,455.92</b></u>
Segment Liabilities	917.75	172.65	31.30	1.11	1,122.81
Unallocated Liabilities					4,032.86
<b>Total</b>					<u><b>5,155.67</b></u>
Segment Capital Expenditure	428.32	127.68	2.96	-	558.96
Unallocated Capital Expenditure					0.92
<b>Total</b>					<u><b>559.88</b></u>
Segment Depreciation and Amortisation	165.73	101.69	4.72	0.24	272.38
Unallocated Segment Depreciation and Amortisation					0.21
<b>Total</b>					<u><b>272.59</b></u>
Non cash expenditure other than depreciation and amortisation included in segment expense	0.33	-	0.04	0.00 *	
Principal Items manufactured	Tyres, Tubes and Flaps	Cement	Viscose Filament Rayon Yarn, Cellophane Paper, Sulphuric Acid, Caustic Soda Lye, Hydrochloric Acid		

\* Amount is below the rounding off norm adopted by the Company

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



## 43. RELATED PARTY DISCLOSURES

	<u>2011-2012</u>	<u>2010-2011</u>
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/ Whole-time Director) #	- Shri K.C.Jain (Manager)
	- Shri D Tandon (Whole-time Director)*	- Shri D. Tandon (Whole-time 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 - Century Textiles & Industries Ltd. - Century Enka Ltd. - Jay Shree Tea & Industries Ltd.	- Syt.B.K.Birla - Century Textiles & Industries Ltd. - Century Enka 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

# Appointed as Wholetime Director w.e.f. 15th April, 2011.

\* Resigned w.e.f. 15th April, 2011.

\*\* Also proprietor of A.K. Enterprise.

\*\*\* 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.

## II. Transactions

₹ /crore

Particulars	2011-2012					
	Related Parties referred to in					
	I (a) above	I (b) above	I (c) above	I (d) above	I (e) above	I (f) above
(i) <b>Income</b>						
Rent & other Services						
- Century Textiles & Industries Ltd.	-	-	-	0.27	-	-
- Century Enka Ltd.	-	-	-	0.02	-	-
Sales						
- Century Textiles & Industries Ltd.	-	-	-	1.58	-	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.96	-	-
- Century Enka Ltd.	-	-	-	0.11	-	-
Interest on Loan Granted						
- Gondkhari Coal Mining Ltd.	0.44	-	-	-	-	-



# KESORAM INDUSTRIES LIMITED

Note 43. *Contd..*

₹/crore

Particulars	2011-2012					
	Related Parties referred to in					
	I (a) above	I (b) above	I (c) above	I (d) above	I (e) above	I (f) above
<b>(ii) Expenditure</b>						
Rent and Other Services						
- Century Textiles & Industries Ltd.	-	-	-	0.10	-	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.01	-	-
Commission						
- Sunil Jain / A.K. Enterprises	-	-	0.59	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.48
Interest Paid						
- Sunil Jain / A.K. Enterprises	-	-	0.05	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.02
Remuneration						
- D. Tandon	-	0.23	-	-	-	-
- K.C. Jain	-	2.46	-	-	-	-
Purchases						
- Century Textiles & Industries Ltd.	-	-	-	56.34	-	-
- Century Enka Ltd.	-	-	-	208.46	-	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.90	-	-
- Mangalam Cement Ltd.	-	-	-	-	0.09	-
Directors' Fees						
- Syt. B.K.Birla	-	-	-	0.01	-	-
<b>(iii) Reimbursement</b>						
For Expense						
- Sunil Jain / A.K. Enterprises	-	-	0.02	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.02
For Purchase of Asset						
- Sunil Jain / A.K. Enterprises	-	-	0.00 *	-	-	-
<b>(iv) Finance &amp; Investment</b>						
Security Deposit taken						
- Sunil Jain / A.K. Enterprises	-	-	0.10	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.13
Loan given to Gondkhari Coal Mining Ltd.	0.35	-	-	-	-	-
Investment in Shares of:						
- Mangalam Cement Ltd.	-	-	-	-	0.54	-



# KESORAM INDUSTRIES LIMITED

Note 43. *Contd..*

₹/crore

Particulars	2011-2012					
	Related Parties referred to in					
	I (a) above	I (b) above	I (c) above	I (d) above	I (e) above	I (f) above
<b>(v) Others</b>						
Dividend paid						
- Century Textiles & Industries Ltd.	-	-	-	0.69	-	-
- Century Enka Ltd.	-	-	-	0.19	-	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.16	-	-
Dividend received						
- Century Textiles & Industries Ltd.	-	-	-	1.51	-	-
- Century Enka Ltd.	-	-	-	0.87	-	-
- Mangalam Cement Ltd.	-	-	-	-	2.29	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.12	-	-
<b>(vi) Balance Outstanding at year end</b>						
Security deposit payable						
- Sunil Jain / A.K. Enterprises	-	-	0.55	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.27
Interest payable						
- Sunil Jain / A.K. Enterprises	-	-	0.05	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.02
Remuneration Payable						
- Shri D.Tandon	-	0.01	-	-	-	-
- Shri K.C. Jain	-	0.40	-	-	-	-
Other payable						
- Century Textiles & Industries Ltd.	-	-	-	1.77	-	-
- Century Enka Ltd.	-	-	-	37.31	-	-
- Sunil Jain / A.K. Enterprises	-	-	0.13	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.26
Other receivables						
- Century Enka Ltd.	-	-	-	0.01	-	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.00 *	-	-
- Sunil Jain / A.K. Enterprises	-	-	0.01	-	-	-
- Gondkhari Coal Mining Limited						
- towards Loan	6.04	-	-	-	-	-
- towards Interest on above Loan	0.40	-	-	-	-	-
Guarantee						
- Bank Guarantee given by Company	5.40	-	-	-	-	-
Investment in shares						
- Gondkhari Coal Mining Ltd.	0.02	-	-	-	-	-
- Century Textiles & Industries Ltd.	-	-	-	16.93	-	-
- Century Enka Ltd.	-	-	-	12.91	-	-
- Mangalam Cement Ltd.	-	-	-	-	20.12	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.01	-	-



# KESORAM INDUSTRIES LIMITED

Note 43. *Contd..*

₹/crore

Particulars	2010-2011					
	Related Parties referred to in					
	I (a) above	I (b) above	I (c) above	I (d) above	I (e) above	I (f) above
(i) Income						
Rent & other Services						
- Century Textiles & Industries Ltd.	-	-	-	0.32	-	-
- Century Enka Ltd.	-	-	-	0.03	-	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.01	-	-
Sales						
- Century Textiles & Industries Ltd.	-	-	-	1.37	-	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.07	-	-
- Century Enka Ltd.	-	-	-	0.14	-	-
Interest on Loan Granted						
- Gondkhari Coal Mining Ltd.	0.22	-	-	-	-	-
(ii) Expenditure						
Rent and Other Services						
- Century Textiles & Industries Ltd.	-	-	-	0.17	-	-
Commission						
- Sunil Jain / A.K. Enterprises	-	-	0.49	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.65
Interest Paid						
- Sunil Jain / A.K. Enterprises	-	-	0.04	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.01
- Jay Shree Tea & Industries Ltd.	-	-	-	0.25	-	-
Remuneration						
- D. Tandon	-	0.98	-	-	-	-
- K.C. Jain	-	0.95	-	-	-	-
Purchases						
- Century Textiles & Industries Ltd.	-	-	-	51.55	-	-
- Century Enka Ltd.	-	-	-	207.20	-	-
- Mangalam Cement Limited	-	-	-	-	0.90	-
Directors' Fees						
- Syt. B.K.Birla	-	-	-	0.01	-	-
(iii) Reimbursement						
For Expense						
- Sunil Jain / A.K. Enterprises	-	-	0.23	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.10
For Purchase of Asset						
- Sunil Jain / A.K. Enterprises	-	-	0.00 *	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.00*



# KESORAM INDUSTRIES LIMITED

## Note 43. Contd..

₹ /crore

Particulars	2010-2011					
	Related Parties referred to in					
	I (a) above	I (b) above	I (c) above	I (d) above	I (e) above	I (f) above
(iv) Finance & Investment						
Security Deposit taken						
- Sunil Jain / A.K. Enterprises	-	-	0.11	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.05
Loan taken from Jay Shree Tea & Industries Ltd.	-	-	-	48.00	-	-
Repayment of loan taken from Jay Shree Tea & Industries Ltd.	-	-	-	48.00	-	-
Loan given to Gondkhari Coal Mining Ltd.	5.47	-	-	-	-	-
Investment in Shares of:						
- Gondkhari Coal Mining Ltd. #	0.00 *	-	-	-	-	-
- Mangalam Cement Ltd.	-	-	-	-	14.93	-
- Manjushree Plantations Ltd (purchased from Jay Shree Tea & Industries Ltd.) ##	-	-	-	0.16	-	-
(v) Others						
Dividend paid						
- Century Textiles & Industries Ltd.	-	-	-	1.17	-	-
- Century Enka Ltd.	-	-	-	0.32	-	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.46	-	-
Dividend received						
- Century Textiles & Industries Ltd.	-	-	-	1.51	-	-
- Century Enka Ltd.	-	-	-	0.80	-	-
- Mangalam Cement Ltd.	-	-	-	-	1.72	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.12	-	-
(vi) Balance Outstanding at year end						
Security deposit payable						
- Sunil Jain / A.K. Enterprises	-	-	0.45	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.14
Interest payable						
- Sunil Jain / A.K. Enterprises	-	-	0.04	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.01
Remuneration Payable						
- Shri D.Tandon	-	0.09	-	-	-	-
- Shri K.C. Jain	-	0.08	-	-	-	-
Other payable						
- Century Textiles & Industries Ltd.	-	-	-	5.07	-	-
- Century Enka Ltd.	-	-	-	18.50	-	-
- Mangalam Cement Ltd.	-	-	-	-	0.04	-
- Sunil Jain / A.K. Enterprises	-	-	0.07	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.28
- Jay Shree Tea & Industries Ltd.	-	-	-	0.00 *	-	-



# KESORAM INDUSTRIES LIMITED

## Note 43. Contd..

₹ /crore

Particulars	2010-2011					
	Related Parties referred to in					
	I (a) above	I (b) above	I (c) above	I (d) above	I (e) above	I (f) above
Other receivables						
- Century Textiles & Industries Ltd.	-	-	-	0.35	-	-
- Century Enka Ltd.	-	-	-	0.03	-	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.00 *	-	-
- Sunil Jain / A.K. Enterprises	-	-	0.00 *	-	-	-
- Synergy Enterprises	-	-	-	-	-	0.02
- Gondkhari Coal Mining Limited						
- Towards Loan	5.47	-	-	-	-	-
- Towards Interest on above Loan	0.22	-	-	-	-	-
Guarantee						
- Bank Guarantee given by Company	5.40	-	-	-	-	-
Investment in shares						
- Gondkhari Coal Mining Ltd.	0.02	-	-	-	-	-
- Century Textiles & Industries Ltd.	-	-	-	16.93	-	-
- Century Enka Ltd.	-	-	-	12.91	-	-
- Mangalam Cement Ltd.	-	-	-	-	19.58	-
- Jay Shree Tea & Industries Ltd.	-	-	-	0.01	-	-

# 1 Equity Share amounting ₹ 10/- purchased from Shri K.C. Jain.

## 8,20,500 equity shares amounting ₹ 13.63 crore purchased from Jay Shree Tea & Industries Ltd. through Open Market on Block Deal.

\* Amount is below the rounding off norm adopted by the Company.



## 44. PARTICULARS IN RESPECT OF GOODS MANUFACTURED

Manufacturing Section	Class of goods manufactured	CAPACITY		PRODUCTION (Meant for Sale)	
		Licensed 2011-2012 (Same as 2010-2011 except otherwise indicated)	Installed (a) 2011-2012 (Same as 2010-2011 except otherwise indicated)	2011-2012	2010-2011
		Unit	Unit	Unit	Unit
Cement - At Basantnagar	Cement	Not Applicable	15,00,000 M. Tons	10,74,080 *	11,50,486 *
	Cement	Not Applicable	57,50,000 M. Tons	38,83,199 *	42,77,698 *
Rayon & Transparent Paper	(i) Carbon-di-Sulphide	3,603 M. Tons per year	3,600 M. Tons per year	4,534 *	4,560 *
	(ii) Cellophane Paper (Transparent Cellulose Film)	150 M. Tons per month	3,600 M. Tons per year	2,360 *	2,417 *
	(iii) Sodium Sulphate	5,311 M. Tons per year	5,500 M. Tons per year	6,806 *	6,843 *
	(iv) Sodium Sulphide	70 M. Tons per year	187 M. Tons per year	47	29
	(v) Sulphuric Acid	22,530 M. Tons per year	36,500 M. Tons per year	36,520 *	40,136 *
	(vi) Viscose Filament Rayon Yarn	10 Tons per day	6,500 M. Tons per year	7,466	7,656
Spun Pipes & Foundries #	Cast Iron Spun Pipes & Pipe Fittings	45,000 M. Tons per year	45,000 M. Tons per year	-	-
	(i) Tyres	Not applicable	1,21,02,000 Nos. per year	54,47,804	63,62,008
Tyre	(ii) Tubes	Not applicable	29,50,000 Nos. per year	42,71,844 (including 19,50,465 nos. manufactured by contract manufacturer)	62,90,029 (including 38,78,497 nos. manufactured by contract manufacturer)
	(iii) Flaps	Not applicable	15,25,000 Nos. per year	15,71,504 (including 7,48,483 nos. manufactured by contract manufacturer)	26,28,411 (including 19,11,841 nos. manufactured by contract manufacturer)





**Note 44. Contd..**

Manufacturing Section	Class of goods manufactured	CAPACITY		Unit	PRODUCTION (Meant for Sale)	
		Licensed 2011-2012 (Same as 2010-2011 except otherwise indicated)	Installed (a) 2011-2012 (Same as 2010-2011 except otherwise indicated)		2011-2012	2010-2011
Hindustan Heavy	(i) Caustic Soda Lye (100%)	15,120 M. Tons per year	12,410 M. Tons per year	M. T.	-	5,354 *
Chemicals ##	(ii) Liquid Chlorine	6,000 M. Tons per year	5,045 M. Tons per year	M. T.	-	2,291 *
	(iii) Sodium Hypochlorite	16,500 M. Tons per year	6,205 M. Tons per year	M. T.	-	1,274
	(iv) Hydrochloric Acid (100%)	9,750 M. Tons per year	8,200 M. Tons per year	M. T.	-	2,404 *
	(v) Ferric Alum (incl. Alum Liquor)	3,200 M. Tons per year	3,200 M. Tons per year	M. T.	-	-
	(vi) Sulphuric Acid (incl. Battery Grade)	20,400 M. Tons per year	18,700 M. Tons per year	M. T.	-	13,912 *
	(vii) Purified Hydrogen Gas	30,24,000 M <sup>3</sup> per year	16,20,000 M <sup>3</sup> per year	M <sup>3</sup>	-	3,98,446 *

\* 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.

# Refer Note No. 49

## Refer Note No. 48



## 45. PARTICULARS IN RESPECT OF STOCKS AND SALES OF GOODS MANUFACTURED/TRADED ₹/ crore

	Stock				Sales					
	31st March, 2010		31st March, 2011		2011-2012		2010-2011			
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value		
Cement -										
At Basantnagar	17,858	3.79	16,222	3.92	20,390	5.66	10,68,330 (Excluding internal consumption of 1,582 MT)	436.75	11,37,980 (Excluding internal consumption of 1,142 MT)	355.70
At Sedam	83,042	17.58	97,075	24.93	90,905	25.95	38,79,905 (Excluding internal consumption of 9,464 MT)	1,608.16	42,50,003 (Excluding internal consumption of 13,662 MT)	1,439.87
Carbon-di-Sulphide	129	0.27	155	0.45	86	0.33	2,008 (Excluding internal consumption of 2,595 MT)	8.14	1,868 (Excluding internal consumption of 2,666 MT)	6.64
Cellophane Paper (Transparent Cellulose Film)	216	4.16	40	0.74	191	5.29	2,208 (Excluding internal consumption of 1 MT)	55.48	2,592 (Excluding internal consumption of 1 MT)	51.57
Sodium Sulphate	226	0.13	524	0.37	30	0.03	7,297 (Excluding internal consumption of 3 MT)	6.16	6,540 (Excluding internal consumption of 5 MT)	6.21
Sodium Sulphide	-	-	-	-	-	-	47	0.11	29	0.07
Sulphuric Acid	358	0.05	244	0.06	274	0.09	27,935 (Excluding internal consumption of 8,555 MT)	17.23	31,549 (Excluding internal consumption of 8,701 MT)	17.28
Viscose Filament Rayon Yarn	308	6.67	173	4.01	819	24.79	6,820	195.84	7,791	192.37



# KESORAM INDUSTRIES LIMITED

## Note 45. Contd..

	Stock						Sales			₹/ crore		
	31st March, 2010		31st March, 2011		31st March, 2012		2011-2012		2010-2011			
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity		Value	
Cast Iron Spun Pipes & Pipe Fittings	M.T.	692	0.04	692	0.04	692	0.04	-	-	-	-	-
Market Fittings	Pcs.	3813	0.00*	3,813	0.00*	3,813	-	-	-	-	-	-
Tyres, Tubes & Flaps (Set) purchased	No.	145	0.16	76	0.08	39	0.04	37	0.04	69	0.08	0.08
Tyres	No.	6,29,120	210.25	8,42,971	309.00	4,86,698	224.61	58,04,077	3,570.63	61,48,157	3,260.09	3,260.09
Tubes	No.	9,19,636	33.36	13,22,048	39.01	7,43,822	29.83	52,04,772	284.77	60,32,519	283.65	283.65
		[Including 64,749 nos. (₹ 5.03 crore) Purchased]		[Including 13,379 nos. (₹ 1.68 crore) Purchased]		[Including 35,267 nos. (₹ 2.89 crore) Purchased]		[Including 3,32,814 nos. (₹ 13.80 crore) on sale of Purchased]		[Including 1,92,672 nos. (₹ 18.22 crore) on sale of Purchased]		
Flaps	No.	3,79,288	8.22	3,98,952	10.20	2,26,721	6.74	27,75,940	66.41	29,78,180	64.69	64.69
		[Including 55,768 nos. (₹ 1.20 crore) Purchased]		[Including 9,257 nos. (₹ 0.31 crore) Purchased]		[Including 47,803 nos. (₹ 1.72 crore) Purchased]		[Including 9,93,659 nos. (₹ 35.45 crore) on sale of Purchased]		[Including 4,15,944 nos. (₹ 11.48 crore) on sale of Purchased]		



# KESORAM INDUSTRIES LIMITED

Note 45. Contd..

	Stock						Sales				₹/ crore	
	31st March, 2010		31st March, 2011		31st March, 2012		2011-2012		2010-2011			
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value		
Unit												
Caustic Soda Lye (100%)	M.T.	75	0.17	28	0.06	28	0.06	-	-	2,691	6.05	(Excluding internal consumption of 2,710 MT)
Liquid Chlorine	M.T.	38	0.02	69	0.04	69	0.04	-	-	2,224	1.50	(Excluding internal consumption of 36 MT)
Sodium Hypochlorite	M.T.	24	0.00*	43	0.01	43	0.01	-	-	1,255	0.20	
Hydrochloric Acid (100%)	M.T.	20	0.00*	12	0.00*	12	0.00*	-	-	2,301	2.64	(Excluding internal consumption of 111 MT)
Sulphuric Acid (including Battery Grade)	M.T.	142	0.05	95	0.04	95	0.04	-	-	13,388	7.36	(Excluding internal consumption of 571 MT)
Purified Hydrogen Gas	M³	7,915	0.01	8,432	0.02	8,432	0.02	-	-	3,97,652	1.00	(Excluding internal consumption of 277 M³)
Others			5.85	-	-	-	-	15.40	53.75			
			290.78	392.98	323.57	323.57	6,265.12	5,750.72				



# KESORAM INDUSTRIES LIMITED

## 46. CONSUMPTION OF RAW MATERIALS

Manufacturing Section	Class of Materials	Unit	2011-2012		2010-2011	
			Quantity	Value	Quantity	Value
			₹ /crore			
Cement -						
At Basantnagar	Limestone	M.T.	10,70,000	32.77	12,75,000	42.63
	Bauxite/ Laterite/ Hematite	M.T.	73,497	8.52	76,786	8.03
	Gypsum	M.T.	30,946	5.79	33,444	5.79
	Fly Ash	M..T.	2,25,370	6.71	2,39,174	6.12
At Sedam	Limestone	M.T.	44,34,233	48.33	54,53,666	56.65
	Bauxite/ Laterite/ Hematite	M.T.	2,62,530	21.50	3,48,181	18.77
	Gypsum	M.T.	1,28,707	30.31	1,31,638	28.96
	Fly Ash	M.T.	5,46,631	29.58	4,31,999	15.02
Rayon & Transparent Paper						
Paper	Wood Pulp	M.T.	10,062	79.88	10,378	65.56
	Caustic Soda	M.T.	6,549	18.91	4,038	8.77
	Sulphur	M.T.	16,378	20.04	17,695	16.69
	Sundries			5.12		3.82
Tyre	Natural Rubber	M.T.	68,384	1,576.14	72,026	1,302.31
	Synthetic Rubber	M.T.	20,061	423.26	26,993	433.99
	Carbon Black	M.T.	41,521	315.20	48,299	287.31
	Fabric	M.T.	15,048	426.99	17,492	428.15
	Other Chemicals and Sundries			374.97		396.42
Hindustan Heavy Chemicals	Salt	M.T.	—	—	9,613	2.48
Chemicals	Hydrated Lime (90%)	M.T.	—	—	176	0.10
	Sulphur	M.T.	—	—	4,691	4.12
	Sundries					0.30
<b>TOTAL</b>				<b>3,424.02</b>		<b>3,131.99</b>



# KESORAM INDUSTRIES LIMITED

## 47. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES, SPARE PARTS AND COMPONENTS CONSUMED DURING THE YEAR

₹ /crore

	2011-2012				2010-2011			
	Raw Materials		Stores, Spare Parts & Components		Raw Materials		Stores, Spare Parts & Components	
	Value	%	Value	%	Value	%	Value	%
Imported	895.90	26.17	11.19	1.32	1,062.15	33.91	7.72	0.96
Indigenous	2,528.12	73.83	836.70	98.68	2,069.84	66.09	793.82	99.04
	<u>3,424.02</u>	<u>100.00</u>	<u>847.89</u>	<u>100</u>	<u>3,131.99</u>	<u>100.00</u>	<u>801.54</u>	<u>100.00</u>

48. 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.

49. The Company's Spun Pipes and Foundries Unit is under suspension of work effective 2nd May, 2008.

## 50. PREVIOUS YEAR FIGURES

The Financial Statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of revised Schedule VI under the Companies Act, 1956, the Financial Statements for the year ended 31st March, 2012 are prepared as per revised Schedule VI. Accordingly, the previous year figures have also been reclassified and regrouped to conform to this year's classification and grouping. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements.

### For Price Waterhouse

Firm Registration Number 301112E  
Chartered Accountants

### Prabal Kr. Sarkar

Partner  
Membership No 52340

Place: Kolkata

Date : 28th April, 2012

### K. C. Jain

Whole-time Director

### Gautam Ganguli

Company Secretary

### B. K. Birla

Chairman

### K. G. Maheshwari

P. K. Choksey

Amitabha Ghosh

P. K. Mallik

Manjushree Khaitan

Vinay Sah

K. P. Khandelwal

Directors

**KESORAM INDUSTRIES LIMITED**

**Regd. Office: 8<sup>th</sup> 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 Wednesday, the 11<sup>th</sup> July, 2012.

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: 8<sup>th</sup> 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 Wednesday, 11<sup>th</sup> July, 2012 and at any adjournment thereof.

As WITNESS my/our hand(s) this ..... day of ..... 2012.

Signed.....

Revenue Stamp
---------------

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











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

Website: [www.kesocorp.com](http://www.kesocorp.com)