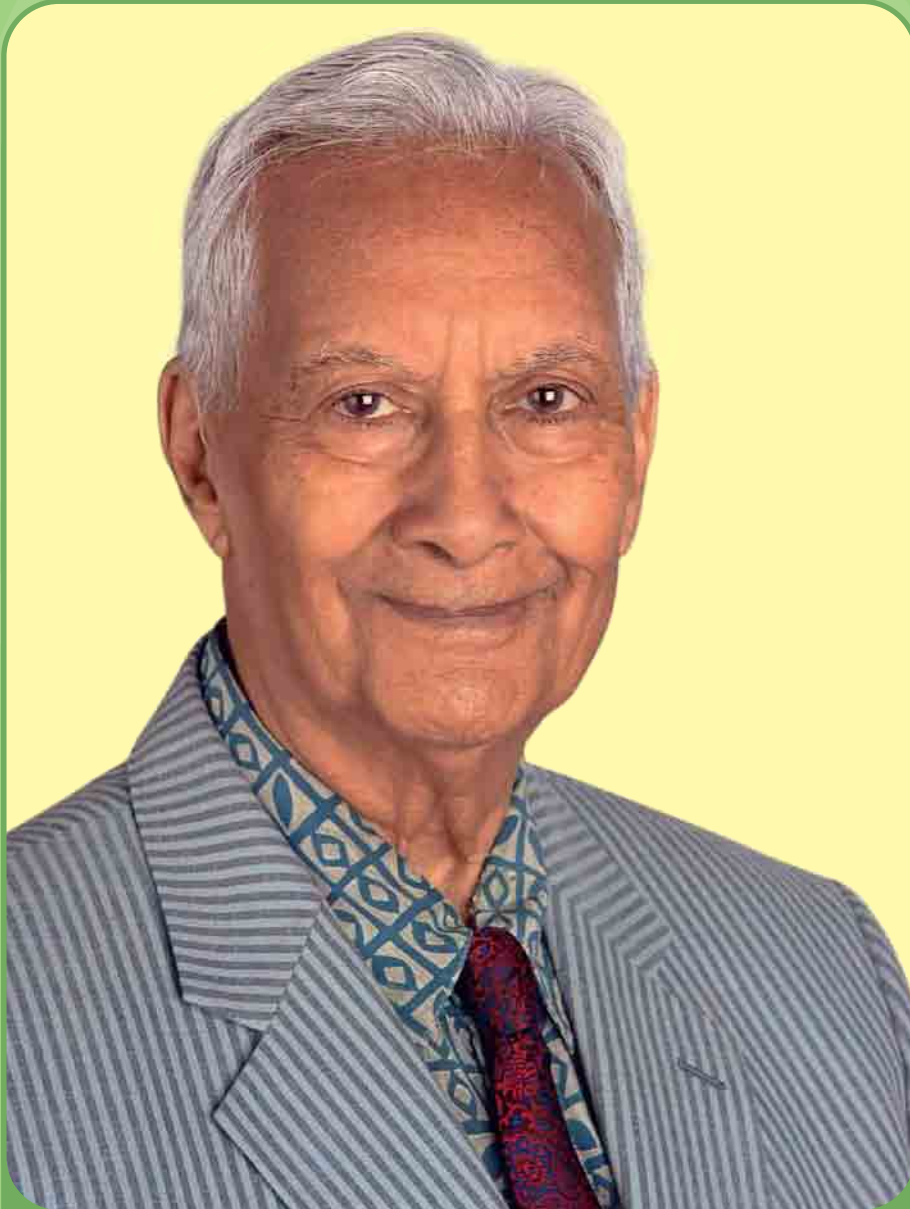




KESORAM INDUSTRIES LIMITED



90TH
ANNUAL
REPORT &
ACCOUNTS
2008-



Shri Basant Kumar Birla
Chairman

Message of the Chairman

In a globalised environment, it is inescapable that our economy, while it has the benefit of a big domestic market, will be impacted by developments outside. The global financial crisis triggered by subprime lending and the consequent economic contraction in the US, Europe and Japan reminded us of the Great Depression. You will have noted that as major economies like the US and Japan slipped into recession, our exports recorded negative growth every month in the second half of 2008-09. The fall in non-oil imports in the final quarter of 2008-09 is to be seen as a statement of how some of the sectors of our industrial economy is faring.

What I, however, find reassuring is that the world leadership, including our own, has risen to the occasion so splendidly that we have now started seeing the green shoots of economic recovery. On the back of stimulus packages by individual countries, has come the decision at the G20 summit to make available \$1 trillion of additional lending, mostly through the International Monetary Fund, to end the worldwide slump. We must have global economic recovery but at the same time we have to see that economic nationalism does not raise its head in the form of protectionism. The welfare of many of our industries depends on free access to the world market.

It speaks volumes of the resilience of the Indian economy that even while it is still being debated as to how far away the world's major economies are from a turnaround, we will be seeing a GDP growth of 6 to 7 per cent this year. Our growth will be riding on the back of domestic demand. I shall still be urging our government to ensure that industry has the benefit of greater liquidity.

The working of the Cement Sections of your company will be significantly influenced by investment in infrastructure development and house construction. The government assures us that there is going to be no let up in pushing through infrastructure projects. Hopefully, it will not be very long before house construction, backed by easy bank loans, gets a boost. The new financial year has begun on a promising note for the automobile industry with all major players reporting healthy rise in sales. This should bring good tidings for the Tyre Section, which is expanding capacity in a big way.

Basant Kumar Birla

90th ANNUAL REPORT
& ACCOUNTS
2008-09



**KESORAM
INDUSTRIES
LIMITED**

Registered Office

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

Bankers

State Bank of India-*Lead Bank*

Allahabad Bank, BNP Paribas, Canara Bank,
Citibank N. A., HDFC Bank Ltd., Hongkong and
Shanghai Banking Corpn. Ltd., ICICI Bank Ltd.,
IndusInd Bank Ltd., Standard Chartered Bank,
State Bank of Hyderabad, State Bank of Indore,
State Bank of Bikaner & Jaipur, State Bank of
Mysore and UCO Bank.

Auditors

Messrs Price Waterhouse

Share Transfer Agent

MCS Ltd.,
77/2A, Hazra Road, Kolkata 700 029

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

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

CONTENTS

Notice	9
Report of Directors	11
Report on Corporate Governance	18
Report on Management Discussion and Analysis	29
Particulars of Employees	32
Statement regarding Subsidiary Company	34
Conservation of Energy & Technology absorption etc.	35
Summarised Balance Sheets of last 5 years	39
Summarised Profit & Loss Accounts of last 5 years	40
Auditors' Report	41
Balance Sheet	46
Profit and Loss Account	47
Schedules '1' to '18'	48
Cash Flow Statement	85
Balance Sheet Abstract	87
Directors Reports, Auditors' Report and Annual Account of Subsidiary Company - Bulland Buildmart Pvt. Ltd.	88-98
Consolidated Financial Statements alongwith Auditors' Report	99



Shri Basant Kumar Birla
Chairman

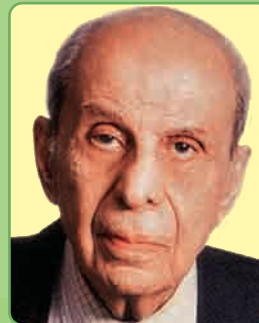
BOARD OF DIRECTORS



Shri Krishna Gopal Maheshwari



Shri Bhagwati Prasad Bajoria



Shri Pesi Kushru Choksey



Shri Amitabha Ghosh



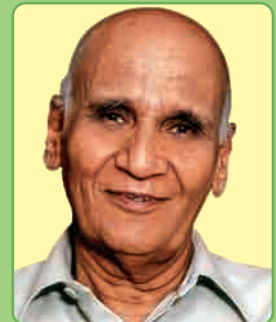
Shri Govind Ballabh Pande
(Nominee of LIC)



Shri Prasanta Kumar Mallik



Smt. Manjushree Khaitan



Shri Shiv Kumar Parik
(Also Company Secretary)

TEAM OF EXECUTIVES

Shri K. C. Jain

Sr. President
Cement Sections &
Manager of the Company

CORPORATE OFFICE

Shri U. S. Asopa

Sr. Vice President (Finance)

Shri S. R. Chamaria

Sr. Vice President (Accounts & HRD)

Shri Suresh Sharma

Sr. Vice President (Commercial)

Shri G. K. Ojha

Vice President (Secretarial)

Shri Vikash Agarwal

Vice President (Taxation)

VASAVADATTA CEMENT SECTION

Shri D. S. Bindra	President
Shri P. R. Sharma	Joint President
Shri C. K. Jain	Joint President (O&M and TPH)
Shri P. S. Rao	Joint President (Projects)
Shri Yaswant Mishra	Sr. Vice President & Marketing Head
Shri O. P. Sharma	Vice President (Commercial)
Shri I. K. Purohit	Vice President (Sales & Marketing)
Shri R. K. Gandhi	Vice President (Production & Quality Control)
Shri A. C. Basak	Vice President (Mines)
Shri Ajit Kulkarni	Vice President (HR)
Shri B. K. Sharma	Vice President (Mechanical)

KESORAM CEMENT SECTION

Shri S. V. Tapadia	Joint President (Fin. & Admin.)
Shri K. L. Narayana Rao	Joint President (Technical)
Shri Rajesh Garg	Vice President (Mines)
Shri Mahesh Agarwal	Vice President (Technical)
Shri Ashok Ostwal	Vice President (Sales & Marketing)

BIRLA TYRES SECTIONS

Shri Deepak Tandon	Sr. President
Shri R. K. Shah	Sr. Vice President (Commercial)
Shri A. K. Uppal	Sr. Vice President (Marketing)
Shri Anoj Agarwal	Sr. Vice President (Commercial)
Shri Anupam Dutta	Sr. Vice President (Technical)
Shri S. K. Patodia	Vice President (Commercial)
Shri Praveen Mehta	Vice President (Sales)
Shri P. K. Mitra	Vice President (Engineering)
Shri Arindam Gupta	Vice President (Production)
Shri S. C. Sood	Vice President (Commercial)
Shri Kanti Chaudhury	Vice President (Production)

RAYON & TRANSPARENT PAPER SECTIONS

Shri J. D. Palod	Sr. President
Shri J. P. Bohra	Joint President (Finance)
Shri S. C. Tripathy	Sr. Vice President (Technical)
Shri S. S. Singhania	Vice President (Engineering)
Shri A. K. Kejriwal	Vice President (Marketing)

HINDUSTHAN HEAVY CHEMICALS SECTION

Shri M. L. Bhattacharya	Sr. Vice President (Works)
Shri H. R. Dudhuria	Vice President (Commercial)

SPUN PIPES SECTION

Shri Sadhan Sarkar	Dy. General Manager
--------------------	---------------------

PERFORMANCE HIGHLIGHTS

The following highlights for the year under review are given in comparison to immediate previous year.

Gross Sales have risen from Rs. 3440.32 Crore to Rs. 4292.07 Crore.

Profit after tax has slightly decreased from Rs. 383.35 Crore to Rs. 378.74 Crore.

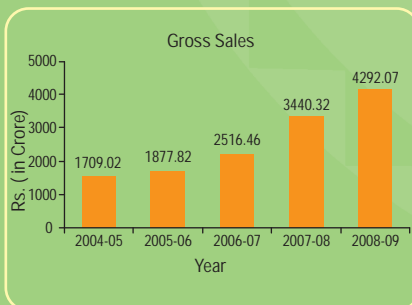
Earning per share has slightly decreased from Rs. 83.80 to Rs. 82.80.

Dividend per share is maintained at last years' rate i.e. Rs. 5.50 per share.

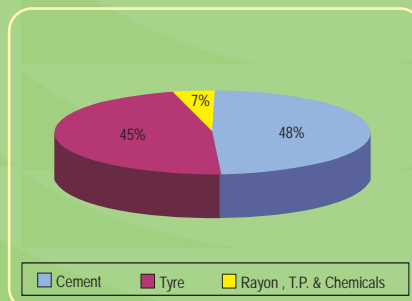
Increased network from Rs. 981.92 crore to Rs. 1330.10 crore.

The charts below show the current year's segment-wise sales and previous five years position.

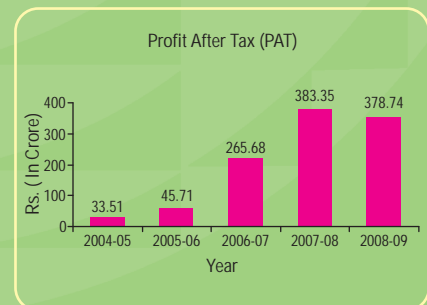
Increased Sales



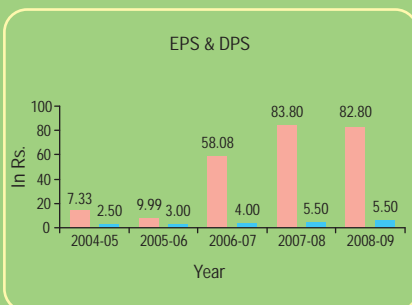
Segment wise Sales



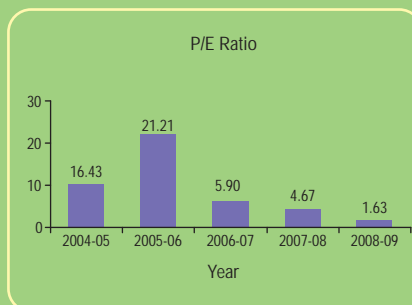
Consistent Profitability



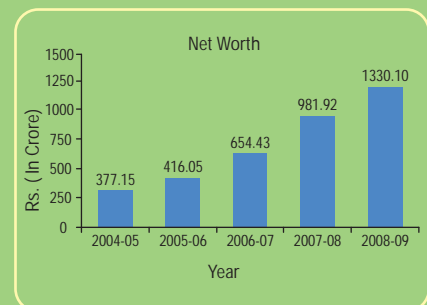
Consistent Earning Per Share (EPS) & Dividend Per Share (DPS)



Price Earning Ratio (P/E Ratio) Pattern



Increased Net Worth



NEW TYRE PLANT AT HARI DWAR IN UTTARAKHAND



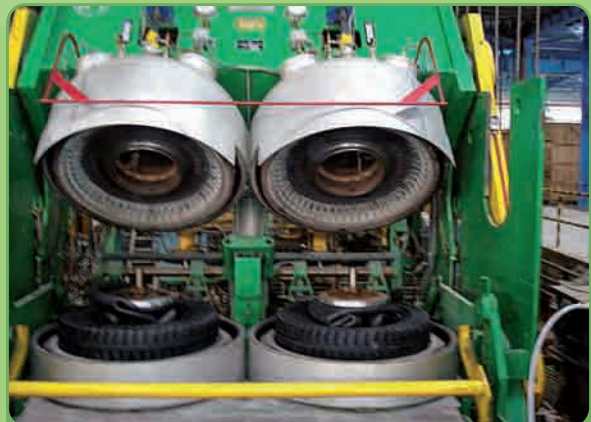
Main Gate



**View of Main Plant along with
Piping Bridge**



Green Tyre Assembly in Progress



Green Tyre Curing in Progress

AWARD



Shri K. C. Jain, Sr. President Cement Sections & Manager of the Company, receiving the FAPCCI Award for ***"Excellence in Rural Development"*** for the year 2006-07 from the Hon'ble Chief Minister of Andhra Pradesh, Dr. Y. S. Raja Sekhara Reddy, on 04.12.2008.

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the ninetieth Annual General Meeting of KESORAM INDUSTRIES LIMITED will be held on Friday, the 26th June, 2009 at 11.00 a.m. at "Kala-Kunj", 48, Shakespeare Sarani, Kolkata -700017, to transact the following business:

GENERAL BUSINESS

1. To consider and adopt the Reports of the Auditors and the Directors and the Audited Accounts of the Company for the year ended 31st March, 2009.
2. To confirm the payment of Interim Dividend on Ordinary Shares declared by the Board of Directors in its meeting held on 31st October, 2008.
3. To declare final Dividend on Ordinary Shares for the year ended 31st March, 2009.
4. To appoint Directors in place of Shri P.K. Mallik and Shri S. K. Parik, who retire by rotation and being eligible, offer themselves for re-election.
5. To appoint Auditors and fix their remuneration.

Registered Office:
9/1, R. N. Mukherjee Road,
Kolkata -700 001
Dated, the 2nd day of May, 2009

By Order of the Board

S. K. PARIK
Director & Secretary

Notes:

1. **A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and the proxy need not be a Member. The Company must receive proxy form(s) not less than 48 hours before the Meeting.**
2. Register of Members shall remain closed from 11th June, 2009 to 26th June, 2009 (both days inclusive).
3. The Board of Directors of the Company in its meeting held on 31st October, 2008 had declared interim dividend of Rs. 2.25 per ordinary share of the Company and paid the same to those members or their mandatees, whose names stood registered as beneficial owners / members of the Company as on 18th November, 2008.
4. The Final Dividend of Rs. 3.25 per ordinary share of the Company, as recommended by the Board, if declared at the ensuing Annual General Meeting, will be paid, subject to the provisions of Section 206A of the Act, on or after 10th July, 2009, to those members or their mandatees whose names stand registered on the Company's Register of Members:
 - (a) as Beneficial Owners as at the end of business on 10th June, 2009 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the Shares held in Electronic Form, and
 - (b) as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the **Company** or the **Share Transfer Agent** on or before 10th June, 2009. The Instruments of Share Transfers, complete in all respects, should reach the **Share Department of the Company** at 9/1, R. N. Mukherjee Road, Kolkata-700 001 or the **Share Transfer Agent** of the Company i.e. **MCS Ltd., Unit: Kesoram Industries Ltd., 77/2A, Hazra Road, Kolkata-700 029** well before the Book Closure date as stated above.
5. In order to avoid the risk of loss / interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, Shareholders are advised to avail of **ECS** facility whereby the dividend will be directly credited electronically to their respective Bank accounts. This will ensure speedier credit of dividend. You may use the enclosed '**ECS Mandate Form**' and forward necessary details to the **Share Department of the Company / Share Transfer Agent** or **Depository Participant**, as the case may be, to avail benefit of this service.
6. **Members, holding shares in physical form, are requested to notify the change in address, if any, to the Share Department of the Company / Share Transfer Agent, the name of the Bank(s) with account number(s) for inscribing it on the face of dividend**

warrant(s) to avoid the fraudulent encashment of the same. **Members holding Shares in Electronic form should send the above information to the respective Depository Participants only.**

7. In case the mailing address mentioned on this Annual Report is either without Pin Code or with incorrect Pin Code, members are requested to kindly inform the **Share Department of the Company / Share Transfer Agent** or the respective **Depository Participant(s)**, as the case may be, their Pin Code immediately for speedy and proper delivery.
8. Members, who are holding Shares, in physical form, in identical order of names in more than one Folio, are requested to apply to the **Share Department of the Company / Share Transfer Agent** along with the relevant Share Certificates for consolidation of such Folios in one Folio.
9. As per provisions of the Companies Act, 1956 (**Act**), facility for making nominations is now available to Individuals, holding shares in the Company. The Nomination **Form-2B**, prescribed by the Government for the purpose, can be obtained from the **Share Department of the Company / Share Transfer Agent**.
10. The last dates of claim of the following dividends from the Company are as under:

<i>Dividends for the financial year ended</i>	<i>Date of declaration of Dividends</i>	<i>Last date for claiming unpaid Dividends</i>
31.03.2002	23.07.2002	21.08.2009
31.03.2003	26.06.2003	25.07.2010
31.03.2004	30.06.2004	29.07.2011
31.03.2005	30.06.2005	29.07.2012
31.03.2006	29.06.2006	28.07.2013
31.03.2007	14.03.2007 (Interim)	13.04.2014
31.03.2008	26.06.2008	25.07.2015
31.03.2009	31.10.2008 (Interim)	30.11.2015

11. Pursuant to the provisions of Section 205A read together with 205C of the Act, dividends for the financial year ended 31st March, 2002 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the **'Investor Education and Protection Fund'** constituted by the Central Government.

Members, who have not got encashed the dividend warrant(s) for the financial year ended 31st March, 2002 or any subsequent financial years so far, are requested to make their claim to the **Share Department / Share Transfer Agent** of the Company.

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

12. (a) **Members desirous of getting any information about the accounts and operations of the Company are requested to address their query/ies well in advance, i.e. at least 10 days before the meeting, to the Director & Secretary of the Company to enable the Management to keep the information readily available at the Meeting.**
- (b) **Further, to avoid inconvenience, members are requested to bring at the meeting the printed 'Annual Report & Accounts' being sent to them.**
- (c) **Members, who hold shares in Electronic Form are requested to bring their Depository ID Number and Client ID Number to facilitate easier identification for attendance at the Annual General Meeting.**
13. As per requirement of Clause 49(IV)(G)(i) of the Listing Agreement with Stock Exchanges, the particulars of Directors retiring by rotation and eligible for reappointment are given in the Corporate Governance Section of the Annual Report.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31st MARCH, 2009

Dear Members,

Your Directors have pleasure in presenting the ninetieth Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

(Rupees in Crore)

Particulars	31st March, 2009	31st March, 2008
Turnover (including Excise Duty)	4,292.07	3,440.32
Other Income	75.94	40.24
Total Income	4,368.01	3,480.56
 Gross Profit	 520.97	 641.80
Less:		
Depreciation (Net of transfer from Revaluation Reserve)	111.86	89.27
Provision for Income Tax	45.00	165.00
Provision for Fringe Benefit Tax	2.00	1.37
Provision for Deferred Tax [charge / (credit)]	(16.63)	2.81
	<u>142.23</u>	<u>258.45</u>
Net Profit	378.74	383.35
Debenture Redemption Reserve	(25.00)	-
Amount available for appropriation which the Directors have appropriated as under:	353.74	383.35
(i) Proposed Final Dividend	14.87	25.16
(ii) Tax on Proposed Final Dividend	2.53	4.27
(iii) Interim Dividend	10.29	-
(iv) Income Tax on the Interim Dividend	1.75	-
(v) General Reserve	44.78	40.00
(vi) Balance carried forward to next year	<u>279.52</u>	<u>313.92</u>
	353.74	383.35

DEFERRED TAX

In terms of the Accounting Standard on 'Accounting for Taxes on Income' (AS-22) a sum of Rs. 16.63 crore has been credited to the Profit & Loss Account being Deferred Tax Asset for the year under review.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

In terms of sections 205A and 205C of the Companies Act, 1956 read together with General Circular no.22/2002 dated 23rd September, 2002 issued by the Department of Company Affairs, the Company deposited about Rs.238.58 Lacs, being the various unclaimed amounts of the company as well as that of an earlier merged company, during the year under review in the 'Investor Education and Protection Fund' created by the Central Government.

RESTRUCTURING

The Company made an application under u/s.391(1) & 393 of the Companies Act, 1956 for amalgamation of Bulland Buildmart Pvt. Ltd. (BBPL), a wholly owned subsidiary, in the High Court at Calcutta and the said Court has passed an Order on 18th March, 2009 to convene a meeting of Equity Shareholders of the company and BBPL on 23rd April, 2009 to approve the proposed Scheme of Amalgamation with or without modification.

The said scheme is proposed to be effective from 1st October, 2008 and all the assets & liabilities of BBPL will stand vested with the Company from the aforesaid date if so approved by the Shareholders and the Hon'ble High Court. Since BBPL is a wholly owned subsidiary of the Company as such no shares / securities will be issued or any consideration shall be paid to the members of the said company. The Shareholders of the Company in the meeting held on the aforesaid date have approved the Scheme without any modification with 99.99% majority. The necessary further steps are being taken in this connection.

DIVIDEND

The Board of Directors in its meeting held on 31st October, 2008 declared an interim dividend and today has recommended the final dividend for the year ended 31st March, 2009 on Ordinary Shares as under:

	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)
Interim on 4,57,43,318 Ordinary Shares of Rs.10/- each @ Rs. 2.25 per Share (previous year nil per share)	10,29,22,466	-
Final on 4,57,43,318 Ordinary Shares of Rs.10/- each @ Rs. 3.25 per Share (Previous year Rs.5.50 per Share)	14,86,65,784	25,15,88,249

Thus, the total dividend of Rs.5.50 per share as per detail given herein above, has been paid/recommended by the Board for the financial year ended 31.03.2009.

AUDIT REPORT

As regards as paragraphs 3.1 (b) & 3.2(a) referred to by the Auditors in its Auditor's Report, the physical verification of fixed assets (in phased manner) and inventories as referred in para nos. 3.1(b) and 3.2(a) respectively at the Spun Pipes & Foundaries Section of the company, could not be carried out due to continued suspension of work and barricade in front of the factory gate by a section of workmen at the said Section. So far as the paragraph 3.9(b) of the Report is concerned, the same is self explanatory and needs no further explanation.

Regarding the paragraph 3.19 of the Report, the immovable properties of Birla Tyres, Section of the company at Uttarakhand, could not be mortgaged due to pending verification of Search Report of properties of the said Section by the empanelled lawyer of the Lead Banker, State Bank of India.

GENERAL REVIEW

The increase in capacities to both Cement & Tyres Sections, good realizations for Cement Sections, continued cost control measures and smart treasury management have resulted in current results in a year of high volatility and economic slowdown in spite of increase in input cost and interest cost:

- Higher capacities and improved realization of Cement Sections have resulted in good contribution to the profitability of the Company.
- Increased capacities with fiscal benefits in Greenfield Projects helped the Tyre Section to contribute to the annual profit in a period of slowdown in the auto sector.
- Due to continued global economic downturn and high cost of production, the Rayon Section could make marginal contribution only.
- Work at the Spun Pipes Section continues to be under suspension.
- Working of the Hindusthan Heavy Chemicals Section has not been satisfactory despite operational efficiency.

CEMENT SECTIONS

Vasavadatta Cement

Performance of this Section continues to be encouraging and it has achieved highest ever production of Clinker as well as Cement during the year under review. Increase in production is due to higher capacity utilization of all the three units and upgradation of Unit-III has contributed to the improved performance.

Production figures of the section are as under :

<u>Production</u>	(Qty in M.T.)	
	<u>2008-09</u>	<u>2007-08</u>
Clinker	34,41,496	31,11,506
Cement	39,24,589	32,78,309

High product quality, strong brand image and continued customer loyalty have enabled this Section to achieve commendable performance in a year of high volatility, slowdown in the construction sector and an unprecedented liquidity crunch in the economy. Production of blended cement "Birla Shakti" has risen by over 11% from 16.02 lac M.T. to 17.81 lac M.T.

As reported in the previous year, the Section had undertaken expansion of cement capacity by 1.65 million tons per annum by putting up Unit-IV, the cement production at the same is expected to start by June 2009.

Captive power generation has increased from 280.56 million KWh to 338.12 million KWh, including 10.22 million KWh produced by Captive Power Plant IV, 21.44 million KWh of the power generated was sold to Gulbarga Electric Supply Company Ltd. The increase in generation of power is due to improved capacity utilization of the existing units and commercial generation from March 2009 in the new Captive Power Plant of 17.5 MW capacity as aforesaid. The captive power generation has met about 94% of the total power requirement of the Section.

The year was marked by unfortunate spurt in the costs of various inputs, particularly coal, which forms a substantial part of the cost of cement production. Due to short supply of coal under linkage quota and also deterioration in quality, the Section had to resort to higher imports of coal as well as buy the coal in the open market/e-auction, which resulted in increase in cost of production. Similarly, due to the short supply of coal in the linkage, the cost of captive power generation has risen.

However, the cost increases were partially offset by price increases and better operational efficiency.

This section has won quite a few awards, including 1st prize in 'Top Soil Management' from Mines Environment & Mineral Conservation Association and 1st prize in 'Drilling & Blasting' and 'Method of Working' from Mines Safety Association, Karnataka.

The Section remains engaged in various social welfare activities such as construction of cement concrete road, drainage, conducting health camps, eye camps, blood donation camps, dental camps, pulse polio camps, literacy programmes and tailoring classes in Sedam and surrounding villages.

Industrial relations during the year were cordial and peaceful.

Kesoram Cement

Production figures of this Section are as under:

<u>Production</u>	(Qty in M.T.)	
	<u>2008-09</u>	<u>2007-08</u>
Clinker	10,97,175	10,47,210
Cement	15,11,615	11,99,445

This Section too has achieved highest ever production of both Clinker and Cement. The capacity of this Section has increased from 12 lac MT per annum to 15 lac MT during the second half of the year 2008-09 by adding balancing equipment to the existing plant.

Production of blended Cement has risen from 9.36 lac M.T. to 12.46 lac M.T. during the year, which is a growth of about 33%. Due to consistent high quality of product, the 'BIRLA SHAKTI' has built up an excellent brand profile.

The Section strives to grow its market share of the home market, Andhra Pradesh and the same has risen from 8.38 lac M.T. to 10.33 lac M.T. during the year, a growth of over 23%. In the process, the Section is able to get higher net realization against lower logistic cost.

There has been substantial increase in the cost of raw materials, in particular coal and power. However, the same has been partially offset by better sales realizations. Increase in blended cement production has also helped in reducing cost.

Captive Thermal Power Plant of this Section generated 1,177.53 lac units of power, the highest generation ever, out of which 30.20 lac units were supplied to AP TRANSCO. In this section, about 79% of overall power requirements, including for increased cement production of 26%, was met from captive generation and the balance was purchased from AP GENCO. In view of the above, the section is seriously considering power generation by Waste Heat Recovery System.

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

This Section bagged the FAPCCI (Federation of Andhra Pradesh Chambers of Commerce & Industry) Award of EXCELLENCE IN CORPORATE SOCIAL RESPONSIBILITY for the year 2007. FAPCCI has also chosen this Section for the State Award for EXCELLENCE IN RURAL DEVELOPMENT, for the year 2006-07, which was presented by the Hon'ble Chief Minister of Andhra Pradesh, Dr. Y. S. Rajasekhara Reddy.

Basantnagar Limestone Mines of this Section bagged three 1st prizes, for Maintenance and Operation of Heavy Earth Moving Equipment, for Environment & Health Management and for Longest Accident Free Work, from the Director General of Mines Safety, Hyderabad during the Mines Safety Week celebrations. The said Mines also got 1st Prize in Waste Dump Management and 2nd Prize in Management of Sub-grade Minerals from the Indian Bureau of Mines during the Mines Environment & Mineral Conservation Week celebrations.

As part of social responsibility, the Section is continuing the rural and community development activities in nearby villages, running of Agricultural Demonstration Farm, Model Dairy Farm, Vocational Training Centre for Youth and participating in other social welfare activities such as Farmers' Training, Pulse Polio Programmes, Animal Health Camps, Blood Donation Camp, Distribution of Agricultural Implements, Distribution of Tricycles and Telephone Booths to the Handicapped, Promotion of Self Help Groups of Women for their economic development, etc.

Industrial relations were cordial during the year.

BIRLA TYRES SECTION

The gross turnover of the Section this year has been Rs.1,947.23 crore as compared to Rs.1,389.04 crore showing an increase of about 40% compared to last year. In spite of stiff competition, we have been able to increase our market share from 10% to 15%. Export sales for the year under review amounted to Rs. 240.41 crore as against Rs. 181.46 crore in the previous year.

Worldwide economic slowdown has impacted India in a major way, particularly the automobile sector, as a result, the major Original Equipment Manufacturers (OEMs) including the Tyre Industry had to resort to production cuts. During the year there was a production cut for 41 days at Balasore Plant. In spite of lower market demand in 2008-09, the Section has achieved higher sales in replacement market. This will allow a stable rise in sale in the coming quarters. However, higher input cost has impacted the profitability of the Section.

The Section has completed the remaining expansion of the Off The Road (OTR) Project at Balasore in Orissa. The Green Field Project involving an investment of Rs.759 crore at Laksar near Haridwar in Uttarakhand has already started commercial production in phases from 28th May, 2008. The work in the Radial Tyre Project with 100 M.T. per day capacity and Bias Tyres with 125 M.T. per day capacity is progressing well and the Board has further approved a Motor Cycle Tyre Project (70 MT/ day capacity) involving a capital outlay of Rs.190 crore. The civil construction of both the Projects is in full swing and orders for major machinery and equipment have already been placed. Commercial production in both the projects is likely to start by December 2009/January 2010.

The Greenfield Projects of this section, established in the State of Uttarakhand enjoy fiscal benefits of Excise and Income-tax for 10 years from the date of commencement of commercial production.

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

Relations with employees have been cordial and conducive to growth.

RAYON & TRANSPARENT PAPER SECTIONS

The margin in the Viscose Filament Yarn (VFY) Industry is adversely affected by steep rise in cost of input materials, e.g., Wood Pulp, Sulphur & Caustic Soda, which were at its peak during the first half of the year but showed declining trend subsequently. Due to global economic downturn, the demand of VFY was sluggish. However, suspension of manufacturing operations by some other manufacturing

units made room for liquidating the inventory in the domestic market. The export demand was also impacted by global recession and competition from China. As a result, exports could be only 521 M.T. against 861 M.T. last year. At the same time, export realizations improved due to favourable exchange rate. To arrest cheap imports in the country, the application to review the Anti-Dumping Duty is still under active consideration of the Government of India.

In line with market conditions, the production of T.P. was again scaled down during major part of the year. This coupled with high cost of raw materials, adversely affected the margins. However, the recent reduction in Excise Duty and fall in raw material rates are expected to give some relief. Exports were also lower at 306 M.T. against 357 M.T. in the previous year.

The market price and demand of various chemicals produced by the Section was adversely affected due to wide fluctuations in the cost of production. This had a major impact on profitability.

The Section continued to lay thrust on quality improvement and cost reduction. The technical performance of the Section continues to be satisfactory.

The relations with the employees were cordial during the year.

SPUN PIPES SECTION

During the year under review, the plant has operated for one month, i.e., April 2008 only. Factory is under suspension of work on and from 2nd May, 2008 because of day-to-day low production, quality problems and high rejections. Due to the continued hostile attitude and rigid stand taken by a section of workmen and their Unions, the efforts made to reach a settlement were not fruitful. The blockade and barricade in front of the factory gate by a section of the workmen is still continuing. As a result, the Section continues to be under suspension of work.

There has been substantial recovery of outstandings during the year. In total Rs. 29.25 crore was collected against sales of Rs.16.32 crore. The finished stock has come down from 3010 M.T. in the previous year to 853 M.T. during the year under review.

HINDUSTHAN HEAVY CHEMICALS SECTION

Production figures of the Section were as under:

<u>Production</u>	<u>2008-09</u>	<u>2007-08</u>
Caustic Soda	11,737 M.T.	12,064 M.T.
Sulphuric Acid (Commercial)	17,934 M.T.	17,640 M.T.
Hydrogen Gas	8,18,882 M3	5,78,774 M3

There was improvement in demand for Caustic Soda (consequent to start up of new aluminium plants). But production of the section was marginally lower due to operational problems during the period under review. Production of Sulphuric Acid improved due to better plant efficiency and output of Hydrogen Gas increased considerably due to higher demand from the Vanaspati Sector. The imbalance in demand-supply of joint products – Chlorine and Hydrochloric Acid – further increased during the year after expansion of Chloralkali Plants in the Eastern region.

The section continues to enjoy certificates for Quality & Environment Management under ISO 9001-2000 and ISO 14001-2004. Various programmes are being organized regularly in collaboration with Factory Directorate and Pollution Control Board for increasing awareness of Environment and safety.

Relations with employees have been cordial.

EXCISE DUTY

During the year under review a sum of Rs. 414.35 crore (Rs. 452.40 crore in 2007-08) was paid on account of Excise Duty on various products manufactured and sold by your Company.

INSURANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed by the Company;
- ii) appropriate Accounting Policies, as mentioned in Schedule 17, have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit of the Company for the financial year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

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

DIRECTORS

Shri P.K. Mallik and Shri S.K. Parik, Directors of your Company, retire from the Board by rotation but are eligible for re-election.

AUDITORS

The Company has received a requisite certificate pursuant to Sec.224 (1B) of the Companies Act, 1956 from Price Waterhouse, the Auditors of your Company regarding their eligibility for re-appointment as Auditors, who retire at the ensuing Annual General Meeting and we recommend their re-appointment.

COST AUDITORS

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

PARTICULARS OF EMPLOYEES

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

CONSOLIDATED FINANCIAL STATEMENTS & CASH FLOW ANALYSIS

As stipulated by Clause 32 of the listing agreement with the stock exchanges, the consolidated financial statements have been prepared by the company in accordance with the applicable accounting standards issued by The Institute of Chartered Accountants of India. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

The consolidated net profit of the company and its subsidiary amounted to Rs. 378.73 crore for the financial year ended 31st March, 2009 as compared to Rs. 378.74 crore for the company on a standalone basis. The Cash Flow Statement for the year under reference is annexed hereto.

SUBSIDIARY COMPANY

The statement required under section 212 of the Companies Act, 1956 in respect of the subsidiary, Bulland Buildmart Pvt. Ltd. is annexed hereto as Annexure 'D'.

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

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

APPRECIATION

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

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

Kolkata,
2nd May, 2009.

S. K. PARIK
Director & Secretary

B. K. BIRLA

Chairman

K.G. MAHESHWARI

B.P. BAJORIA

P.K. CHOKSEY

G.B. PANDE

AMITABHA GHOSH

P.K. MALLIK

MANJUSHREE KHAITAN

Directors

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Your Company has been practising the principles of good Corporate Governance, which comprise all activities that result in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management. The details of the Corporate Governance compliance by the company as per the Clause 49 of the Listing Agreement with Stock Exchanges are as under:

I. COMPLIANCE OF MANDATORY REQUIREMENTS:

A. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

B. BOARD OF DIRECTORS:

i) COMPOSITION OF BOARD, DIRECTORSHIPS & COMMITTEE POSITIONS HELD IN OTHER COMPANIES AND SHARES OF THE COMPANY HELD AS AT 31ST MARCH, 2009:

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

Directors	Category	No. of outside Directorships held (excluding **)	Outside Committees # (excluding **)		Shares held
			As a Member (Including Chairmanship)	As a Chairman / Chairperson	
Shri B.K. Birla	Non –Executive	4	None	None	145321
Shri K.G. Maheshwari	Non-Executive	1	None	None	485
Shri B.P. Bajoria	Non-Executive*	5	2	1	436
Shri P.K. Choksey	Non-Executive*	1	2	None	500
Shri A. Ghosh	Non-Executive*	13	8	5	Nil
Shri P.K. Mallik	Non-Executive*	4	4	1	200
Shri G. B. Pande (Represents Life Insurance Corpn.of India – Investor)	Non-Executive*	1	None	None	Nil
Smt.Manjushree Khaitan	Non-Executive	1	None	None	234114
Shri S. K. Parik	Company Secretary	9	2	1	39

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

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

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

The company does not have any convertible instruments as at 31.03.2009.

Notwithstanding Shri Parik being the Director, he discharges and continues to discharge his duties and obligations previously performed by him as Senior President (Finance & Taxation) and Secretary.

ii) ATTENDANCE OF DIRECTORS PRESENT IN THE MEETINGS HELD DURING THE YEAR 2008-09:

Six Board meetings were held during the financial year ended 31st March, 2009 i.e. on 3rd May, 2008, 26th June, 2008, 31st July, 2008, 31st October, 2008, 24th January, 2009 and 4th March, 2009. The attendance of each Director at these meetings is as follows:

<i>Sl. No</i>	<i>Members</i>	<i>No. of Board Meetings Attended</i>	<i>AGM held on 26.06.2008 Attended</i>
i.	Shri B. K. Birla	6	Yes
ii.	Shri K. G. Maheshwari	2	Yes
iii.	Shri B. P Bajoria	5	No
iv.	Shri G. B. Pande	5	Yes
v.	Shri P. K Choksey	5	Yes
vi.	Shri Amitabha Ghosh	5	Yes
vii.	Shri P. K. Mallik	6	Yes
viii.	Smt. Manjushree Khaitan	1	Yes
ix.	Shri S. K. Parik	6	Yes

iii) CODE OF CONDUCT:

The Company has a Code of Conduct for all its Board members and Senior Management personnel for avoidance of conflicts of interest. It has received the necessary declarations affirming compliance with it from all of them during the period from 01.04.2008 to 31.03.2009. There were no material personal interests adverse to the interest of the company and improper personal benefits received, as a result of his/her position, by the Board Members / Senior Management personnel, which could lead to potential conflict of interest with the Company. The Code of Conduct is available on the Company's website.

C) AUDIT COMMITTEE:

i) TERMS OF REFERENCE:

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

ii) COMPOSITION, NAME OF MEMBERS AND CHAIRMAN:

As on 31.03.2009 the Audit Committee consists of three non-executive independent Directors. Four meetings were held during the financial year ended 31st March, 2009 i.e. on 3rd May, 2008, 31st July, 2008, 31st October, 2008 and 24th January, 2009. The composition of the Audit Committee and the attendance of each member at these meetings are as follows: -

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

iii) SECRETARY:

Shri S. K. Parik, Director & Secretary, is the Secretary to the Audit Committee.

iv) INVITEES: (as & when considered necessary)

(a) The Statutory Auditors.

(b) The Internal Auditors and Cost Auditors.

(c) Shri U. S. Asopa, Sr.Vice President (Finance) and Shri Suresh Kumar Sharma, Sr.Vice President (Commercial) at the Corporate Office of the Company.

v) The Audit Committee comprises of all non-executive and independent directors and they are the persons of vast knowledge and experience. Shri P. K. Mallik, Chairman of the Audit Committee is a Senior Chartered Accountant with the requisite Financial and

Accounting expertise. Shri P.K. Choksey and Shri A. Ghosh, the other two members are also Senior Chartered Accountants. All the present members are financially literate.

- vi) The Chairman of the Audit Committee attended the Annual General Meeting of the company held on 26th June, 2008 and he ensured that necessary clarifications and explanations were provided to the members of the Company on issues regarding accounts and finance.
- vii) The Quarterly Unaudited Financial Results as well as the Annual Financial Statements during the year ended 31st March, 2009 were reviewed and examined by the members of the Audit Committee before recommendation of the same to the Board of Directors for their perusal and approval on the following dates:

<i>Financial Reporting</i>	<i>Date of approval by Audit Committee</i>
Annual Financial Statements & Results for the year ended 31st March, 2008	3rd May, 2008
Quarter ended 30th June, 2008	31st July, 2008
Quarter ended 30th September, 2008	31st October, 2008
Quarter ended 31st December, 2008	24th January, 2009

D. REMUNERATION COMMITTEE:

During the year under review the Remuneration Committee was reconstituted by the Board in its meeting held on 31st July, 2008 to bring more transparency and proper consideration in the system of revision of remuneration of the executives.

The Committee consists of 3 Non-Executive Independent Directors i.e. Shri B. P. Bajoria as Chairman and other two members are Shri P. K. Mallik and Shri P. K. Choksey.

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

<i>Sl. No.</i>	<i>Name of the Directors</i>	<i>Sitting fees paid for</i>		<i>Commission for the financial year 2007-08 paid in financial year 2008-2009</i>
		<i>Board Meetings (in Rs.)</i>	<i>Committee Meetings (in Rs.)</i>	
1	Shri B.K. Birla	80,000	-	2,50,000
2	Shri K.G. Maheshwari	20,000	-	2,50,000
3	Shri B.P. Bajoria	70,000	1,00,000	2,50,000
4	Shri P.K. Choksey	60,000	25,000	2,50,000
5	Shri A. Ghosh	60,000	25,000	2,50,000
6	Shri P.K. Mallik	80,000	1,35,000	2,50,000
7	Smt. Manjushree Khaitan	10,000	-	2,50,000
8	Shri G. B. Pande*	60,000	-	2,50,000
9	Shri S. K. Parik**	-	-	-
Total:		4,40,000	2,85,000	20,00,000

* Commission & fees paid to the nominating Institutions i.e. Life Insurance Corporation of India.

** Notwithstanding Shri Parik, being the Director, draws and continues to draw remuneration as Sr. President, Finance & Taxation and Secretary, which for the financial year ended 31st March, 2009 was Rs. 62,00,061/-.

Besides the sitting fees & travelling expenses to attend any meeting of the Board or any Committee thereof, the approval of Shareholders in its meeting held on 30th June, 2005/26th June, 2008 enables the company to pay commission in every financial year to its Directors (to be divided amongst them equally) except to Shri S. K. Parik at the rate of 1 per cent of the net profit (restricted to Rs. 25 lacs * per annum) of the company computed in the manner referred to in section 198/349 of the Companies Act, 1956 for a period of five years w.e.f. 1st April, 2005.

Commission payable to the Directors for the financial year 2008-2009 is Rs. 20,00,000/-.

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

* enhanced from Rs. 15 lacs per annum, effective financial year 2007-08, in shareholders' meeting held on 26th June, 2008.

E. SHAREHOLDERS' COMMITTEES:

- i) The "Share Transfer and Finance Committee" is comprised of two non-executives independent Directors namely Shri B. P. Bajoria, Shri P. K. Mallik and Shri S. K. Parik is the other member of the Committee. The Committee is headed by Shri B. P. Bajoria. It deals with the approval of transfer and transmission of securities, issue of duplicate certificate(s) / advices and other Shareholder related issues in addition to matters pertaining to certain finance related decisions.

The Committee met 15 times during the year under review.

- ii) The Company also has a "Shareholders'/Investors' Grievance Committee" consisting of two non-executive independent Directors namely, Shri P.K. Mallik, Chairman, Shri B.P. Bajoria and Shri S. K. Parik, being the other member. This Committee specifically looks into redressal of Shareholders' and Investors' complaints with a primary objective to improve investor relations and had met thrice i.e. on 17th July, 2008, 12th January, 2009 and 27th March, 2009.

a) POSITION AS ON 31st March,2009 OF THE SHAREHOLDERS' COMPLAINTS RECEIVED & REDRESSED DURING THE FINANCIAL YEAR

Nature of Grievances	Complaints received from				Total complaints received during 2008-09	Total redressed	No. of grievances outstanding as on 31.3.2009
	Investors directly	Stock Exchanges	SEBI	ROC			
Non-receipt of Dividend/Interest/ Redemption warrant(s)	61	03	09	Nil	73	73	Nil
Non-receipt of Share / Debenture certificate(s)	6	Nil	01	Nil	07	07	Nil
Non-Receipt of Duplicate share/ debenture certificate(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Demat related grievance(s)	11	Nil	Nil	Nil	11	11	Nil
Non-receipt of Annual Report(s)	72	01	Nil	Nil	73	73	Nil
TOTAL	150	04	10	Nil	164	164	Nil

b) NUMBER OF PENDING COMPLAINTS as at 31.03.2009: NIL

Shri S. K. Parik, Director & Secretary is the "Compliance Officer" of the Company for compliance of the requirements under the Listing Agreements with the Stock Exchanges.

F. GENERAL BODY MEETINGS:

i) Details of Annual General Meetings (AGMs) :

AGMs	Date of AGMs	Location	Time
AGM (87th)	29th June, 2006	Kolkata	10.30 A.M.
AGM (88th)	29th June, 2007	Kolkata	11.00 A.M.
AGM (89th)	26th June, 2008	Kolkata	11.00 A.M.

ii) SPECIAL RESOLUTIONS PASSED IN THE PREVIOUS THREE AGMS :

a) In the AGM on 26th June, 2008:

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

- b) **In the AGM on 29th June, 2007:** No Special Resolution was transacted.
- c) **In the AGM on 29th June, 2006:** No Special Resolution was transacted.
- iii) No Special Resolution was passed during the financial year ended 31st March, 2009 through Postal Ballot.
- iv) Presently, no Special Resolution is proposed to be conducted through Postal Ballot in the ensuing AGM.
- v) Disclosure for reappointment/ appointment of Directors

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

- a) **Shri P. K. Mallik** is an Ex-president of The Institute of Chartered Accountants of India and Ex-Sheriff of Kolkata. He has extensive knowledge in accountancy and auditing. He holds Directorship in Peerless Financial Services Ltd., Nagarjuna Agri-Chem. Ltd., International Combustion (India) Ltd., CHNHB Association, Kolkata, NRC Ltd. and Rupantar Investment Pvt. Ltd. He is also holding Membership of the following Committees of Directors:

Sl.No	Name of the Company	Name of the Committee	Position held
1.	Nagarjuna Agri-Chem Ltd.	a) Audit	Member
2.	International Combustion (India) Ltd.	a) Remuneration	Member
		b) Audit	Member
3.	NRC Limited	a) Audit	Chairman
		b) Shareholders'/ Investors	
		Grievance	Member
		c) Remuneration	Member

- b) **Shri S. K. Parik** is a fellow Chartered Accountant and Company Secretary, having extensive knowledge in the field of finance, taxation and company law over five decades. He is holding Directorships in Mangalam Timber Products Ltd., The Rameshwara Jute Mills Ltd., Precious Services & Consultancy Ltd., Birla Buildings Ltd., Kesoram Insurance Broking Services Ltd., B. K. Birla Foundation, SNP Investment & Trading Co. Ltd., Vasavadatta Investment & Trading Co. Ltd., Jute Investment Co. Ltd. and Zenith Distributors & Agents Ltd.

He also holds the membership in the committees of the following companies:-

Name of the Company	Name of the Committee	Position Held
Mangalam Timber Products Ltd.	a) Audit Committee	Member
	b) Share Transfer Committee	Member
	c) Remuneration Committee	Member
	d) Shareholders' / Investors' Grievance Committee	Chairman

The shares held by the above Directors have already been disclosed under the caption Composition of Board of Directors under serial no.I. B(i) above.

G. DISCLOSURES:

- i) **Disclosure on materially significant related party transactions:**

Details of related party transactions during the year have been set out under Note 25 of Schedule 17 of the Annual Accounts. These are not having any potential conflict with the interests of the Company at large.

ii) **Details of Non-Compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges, SEBI or any Statutory authorities on any matter related to Capital Markets:**

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

iii) **Whistle Blower Policy:**

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

iv) **Details of compliance with mandatory requirement and adoption of non-mandatory requirements:**

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

H. MEANS OF COMMUNICATION:

i) **FINANCIAL RESULTS & ANNUAL REPORTS ETC.:**

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

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

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

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

I) GENERAL SHAREHOLDER INFORMATION:

i) **NEXT ANNUAL GENERAL MEETING:**

Date	Time	Venue
Friday, 26th June, 2009	11.00 a.m.	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700 017

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

iii) **DATE OF BOOK CLOSURE:** 11th June, 2009 to 26th June, 2009 (both days inclusive)

iv) **DIVIDEND PAYMENT DATE :** On or after 10th July, 2009.

v) **INFORMATION PERTAINING TO THE STOCK EXCHANGES:**

a. **Listing on Stock Exchanges**

The Calcutta Stock Exchange Association Ltd, 7 Lyons Range, Kolkata-700 001

Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001

National Stock Exchange of India Ltd, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051

Societe de la Bourse de Luxembourg, Societe Anonyme/R.C.B. 6222,B.P.165, L-2011 Luxembourg

b. Stock Code for:

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

The annual listing fees of these Exchanges have been paid by the Company for the year 2008-2009.

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

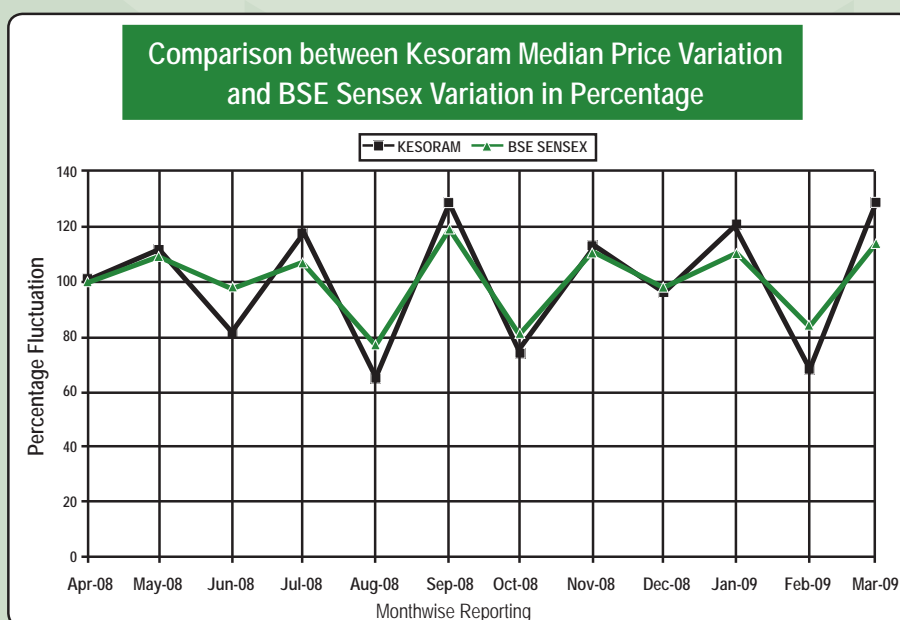
d. Depository Connectivity: NSDL and CDSL

vi) STOCK MARKET PRICE DATA:

Month	Calcutta Stock Exchange *		Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low	High	Low
April, 2008	N.T.	N.T.	409.65	370.50	444.35	364.00
May, 2008	N.T.	N.T.	392.05	333.45	398.90	329.05
June, 2008	N.T.	N.T.	327.20	255.30	338.85	252.00
July, 2008	N.T.	N.T.	273.35	242.60	279.00	227.10
August, 2008	N.T.	N.T.	317.25	263.60	328.00	259.05
September, 2008	N.T.	N.T.	278.45	216.75	291.40	204.00
October, 2008	N.T.	N.T.	216.80	124.55	223.40	113.10
November, 2008	N.T.	N.T.	150.30	118.60	158.90	116.60
December, 2008	N.T.	N.T.	157.65	134.75	158.85	131.00
January, 2009	N.T.	N.T.	153.40	112.90	164.00	111.15
February, 2009	N.T.	N.T.	123.85	111.80	129.00	108.95
March, 2009	N.T.	N.T.	140.15	108.80	149.80	105.00

* Note: There was no trading during the year.

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



viii) REGISTRAR AND SHARE TRANSFER AGENT :

M/s. MCS Limited, (Unit: Kesoram Industries Ltd.)
 77/2A, Hazra Road, Kolkata-700 029
 Phone Nos.: 2476-7350 to 53, 2454-1892/3, Fax Nos.: 2454-1961, 2474-7674;
 e-mail. mcsca@cal2.vsnl.net.in, mcskol@rediffmail.com

ix) SHARE TRANSFER SYSTEM :

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

x) DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2009:**a) According to Category of Holding:**

Category	No. of Share holders	% of Share holders	No. of Shares	% of Shares
Promoters	25	0.03	1,20,60,028	26.36
Mutual Funds / UTI	32	0.04	64,25,556	14.05
Financial Institutions & Banks	46	0.06	1,01,928	0.22
Foreign Financial Institutional	30	0.04	18,25,110	3.99
Insurance Companies	11	0.01	66,76,337	14.60
NRI/OCB	425	0.54	20,49,692	4.48
Private body Corporates	1,100	1.38	30,70,149	6.71
Individuals	77,874	97.90	64,92,643	14.20
GDRs	01	-	70,41,875	15.39
Total	79,544	100.00	4,57,43,318	100.00

b) According to number of Ordinary Shares Held:

No. of ordinary Shares held	No of Share Holders	% of Share holders	No. of Shares	% of Shares
1-100	69,714	87.64	21,37,707	4.67
101-200	5,118	6.43	7,83,680	1.71
201-500	2,892	3.64	9,71,520	2.13
501-1000	950	1.20	7,50,333	1.64
1001-5000	638	0.80	13,85,200	3.03
5001-10000	95	0.12	7,14,561	1.56
10001 – above	137	0.17	3,90,00,317	85.26
Total:	79,544	100.00	4,57,43,318	100.00

xi) DEMATERIALIZATION OF SHAREHOLDING AND LIQUIDITY:

As per SEBI's Guidelines, your Company's Ordinary Shares are compulsorily traded in Dematerialized form for all the investors with effect from 31st May, 1999. 3,65,44,941 Shares were in Dematerialized form representing 79.89% of the total Ordinary Shares as on 31st March, 2009.

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

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

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

However, as on 31st March, 2009 the Company awaits 70,41,875 GDRs from its holders for cancellation and delivery of shares against thereof.

xiii) INSIDER TRADING:

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

xiv) PLANT LOCATIONS :

Section	Factory Location	City Office	Run under name & style of
Cement	Sedam, Dist.Gulbarga Karnataka-585222 Phone : 08441-276005/277403 Fax : 08441-276139 E-mail: communication@vasavadattacement.com	10-3-316/A, 1st Floor S.D.Eye Hospital Road, Masab Tank, Hyderabad 500028, A.P. Phone : 040-23342296/8056 Fax : 040-23344109/7821 E-mail:hyderabad@vasavadattacement.com.	Vasavadatta Cement
	Basantnagar, Dist.Karimnagar Andhra Pradesh-505187 Phone : 08728 -228122/228125/228156 Fax : 08728-228160 E-mail:kaa_kesoram3@sancharnet.in	10-3-316/A, 2nd Floor S.D. Eye Hospital Road Masab Tank, Hyderabad 500028, A.P. Phone : 040-23348896/7843/ 7613 Fax : 040-23344109/23347821 E-mail : hyderabad@kesoramcement.com	Kesoram Cement
Automobile Tyres and Tubes	P.O. Chhanpur, Via.Kuruda, Dist. Balasore, Orissa, Pin.756056 Phone : 06782-254259/780/620 Fax : 06782-254225 E-mail : btbls@cal2.vsnl.net.in Gram Khedimubarakpur, Tehsil Laksar, Dist. Haridwar, Uttarakhand - 247 663. Phone : 01332- 256000/256001. Fax : 01332- 255177. E-mail.:bthdr@birlatyres.org	Shivam Chambers 53, Syed Amir Ali Avenue, Kolkata-700019 Phone : 033-2281-4813/4717-20 Fax : 033-2281-4874 E-mail : ho@birlatyre. com	Birla Tyres
Rayon & Transparent Paper	P.O. Nayasarai, Rly. Station: Kuntighat, Near Tribeni, Dist.Hooghly W.Bengal-712513 Phone : 033-26846431-34/ 26846457 Fax : 033-26846461 E-mail: kesoram@rayonworks.com	"Industry House" 10, Camac Street, Kolkata-700017 Phone.033-2282-4721-24 Fax: 033-2282-8879 E-mail : rayon@cal.kesoramrayon.co.in	Kesoram Rayon
Spun Pipes & Foundries	P.O Adconagar, Bansberia, Dist.Hooghly W.Bengal-712121 Phone:033-26346462/6465/6620 Fax : 033-26346621 E-mail: spunpipe@cal.vsnl.net.in	"Industry House" 10, Camac Street, Kolkata-700017 Phone.033-2282-2476-78 Fax:033-2282-9370 E-mail : kesospun@cal.vsnl.net.in	Kesoram Spun Pipes & Foundries
Heavy Chemicals	19, B. T. Road, Khardah, P.O.Balaram Dharma Sopan, Kolkata-700116 Phone : 033-2553-2879/5183 Fax : 033-2553-3860/2583-9218 E-mail : hhcl_fac@vsnl.net	8th floor, Birla Bldg. 9/1, R.N. Mukherjee Road, Kolkata-700001 Phone : 033-2213-1680-89 (10 Lines) Extn.1863/1854 Fax : 033-2242-1931 E-mail: hhc_ho@vsnl.net	Hindusthan Heavy Chemicals

xv) Address for Correspondence:

a) For routine matters:

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

Shri G. K. Ojha, Kesoram Industries Ltd, 9/1, R. N. Mukherjee Road, Kolkata-700001 Phone Nos.: 2243-7121 Fax No: (033)2210-9455 E-mail :kesocorp@cal3.vsnl.net.in

Or,

Registrar & Share Transfer Agent: M/s. MCS Limited (Unit: Kesoram Industries Ltd.) 77/2A, Hazra Road, Kolkata-700 029 Phone Nos.: 2476-7350 to 53, 2454-1892/3 Fax Nos.: 2454-1961, 2474-7674; E-mail : mcscal@cal2.vsnl.net.in, mcskol@rediffmail.com

b) For Redressal of Complaints and Grievances:

The Secretary	Telephone Nos.	:	(033) 2243-5453,2242-9454/2248-6607.
Kesoram Industries Ltd,	Fax No.	:	(033)2210-9455
9/1, R.N. Mukherjee Road,	E-mail	:	kesocorp@cal3.vsnl.net.in
Kolkata-700001			

II. COMPLIANCE OF NON -MANDATORY REQUIREMENTS :

i) The Board:

The Corporate Office of the Company bears the expenses of the office of the Chairman. Some of the independent Directors have the tenure in aggregate on the Board more than 9 years.

ii) Remuneration Committee:

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

iii) Shareholder Rights :

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

iv) Audit qualifications:

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

v) Training of Board members:

There was no Directors' training programme during the year ended 31.03.2009.

vi) Mechanism for evaluating non-executive Board members:

Non-Executive Directors were being always evaluated by their own peer in the Board meetings during the year 2008-09, although there was no formal peer group review by the entire Board except the Directors concerned.

vii) Whistle Blower Policy:

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

B. K. BIRLA *Chairman*

K.G. MAHESHWARI
B.P. BAJORIA
P.K. CHOKSEY
G.B. PANDE
AMITABHA GHOSH
P.K. MALLIK
MANJUSHREE KHAITAN

Directors

Kolkata,
2nd May, 2009.

S. K. PARIK
Director & Secretary

Declaration

All the Board members and the Senior Management personnel have affirmed their compliance of the '*Code of Conduct for Members of the Board and Senior Management*' for the period from 1st April, 2008 to 31st March, 2009 in terms of clause 49(l)(D)(ii) of the Listing Agreement with the Stock Exchanges.

Place: Sedam
Dated: 15.04.2009

K. C. Jain
Chief Executive Officer

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
Kesoram Industries Limited

We have examined the compliance of conditions of Corporate Governance by Kesoram Industries Limited, for the year ended 31st March 2009, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements. The Company has established risk assessment / minimisation and internal control procedures which are being updated / formalised.

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

Place: Kolkata
Date: 2nd May, 2009

(S. K. Deb)
Partner
Membership No. 13390
For and on behalf of
Price Waterhouse
Chartered Accountants

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS**A. INDUSTRY STRUCTURE AND DEVELOPMENT****CEMENT**

The Indian Cement Industry remains the second largest cement producer in the world with an installed capacity of 211.81 million tons.

During the year under review, the Industry has achieved capacity utilization of 88% as against 96% in the preceding year. Percentage of capacity utilization has dropped mainly due to creation of new capacity. However, cement production and consumption have recorded a growth of about 8% over the preceding year.

TYRE

The Indian tyre industry has built capacity of over 70 million tyres per annum, which is mainly dominated by the organised sector consisting of five major players with 85% share. Truck and bus tyres are the principal segments having a share of over 80% of industry turnover. Radialisation has taken place in almost the entire passenger car tyre segment. In the truck and bus segment too, radialisation is gaining in pace and expected to reach 15% by March 2010. The replacement segment constitutes about 65% of the market and around 22% of tyre production in India is exported to more than 65 countries.

Tyre being a derived demand product, its prospects are linked to factors like Gross Domestic Product (GDP) growth, agricultural and industrial production and rise in vehicle demand. The industry's growth is also influenced by secondary factors, such as infrastructure development and interest rates.

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

RAYON & TRANSPARENT PAPER

The demand for Viscose Filament Yarn (VFY) is expected to be moderate in the short to medium term until the global economic situation improves. Total production capacity in the industry could not be fully utilised due to suspension of work by some manufacturers.

The performance of TP segment is affected due to lower demand and higher production cost vis-a-vis BOPP and other cheaper substitutes. The 'firework' industry, which is the main consuming sector of this product, is also experiencing difficult times.

SPUN PIPES

The year under review was particularly challenging for the industry because of the severe global financial crisis. Like other sectors, the Spun Pipes Industry is also bearing the brunt of this crisis. The industry continues to face competition due to higher input cost compared to the competing product, Ductile Pipes. As the section is under suspension of work since 2nd May, 2008, no comments are made under the heads 'Opportunities & Threats, Segmentwise Performance, Outlook and Risks & Concerns.'

HEAVY CHEMICALS

The capacity utilization of the Indian Caustic Soda Industry during the year was around 75%. Commissioning/streamlining of new Aluminium smelting capacity and increase in capacities due to expansion/modernization of new Caustic soda Plants in Eastern India have reduced the gap in demand & supply of the chemical.

Capacity utilization of Sulphuric Acid Industry was better due to adequate availability of the main raw material Sulphur and steady demand.

B. OPPORTUNITIES AND THREATS**CEMENT**

In order to meet future demand for cement, the Industry has taken up massive capacity expansion of 70 – 80 million tons during the next three years. It has already added 45 million tons of cement capacity during the year 2007-08 and 2008-09. All this is done in anticipation of the huge demand for cement and also good realization in the last two years.

There is promising growth of infrastructure like national and state highways, roads for rural connectivity, mass housing, irrigation projects, airports and power houses, etc. This massive capacity expansion needs better distribution channels by rail and road to reach the goods to end users. Rail and road fall under infrastructure developments of the Government, which needs to cope up with the increased requirement. Moreover, due to global recession, higher capacity additions may lead to excess supplies which may put pressure on cement demand and prices. The supply of lower ash content coal and increased coal price have been a matter of concern for the industry as coal being a substantial input cost in the cost of cement production.

TYRE

The national thrust on road infrastructure and construction of expressways and national highways present a range of opportunities for the Tyre industry. Creation of road infrastructure has given a tremendous fillip to surface transportation. The Tyre industry will continue to play an important role in this dynamic and evolving situation.

The volatility in raw material prices and import of tyres from China, however, remain points of concern for the industry.

RAYON & TRANSPARENT PAPER

The resurgence of domestic demand of value added products made of VFY is a good opportunity to liquidate the stocks. Stiff competition from China in international market of VFY and also dumping in the domestic market are the biggest threat to the industry. Imposition of Anti-dumping Duty which is under active consideration of the Government of India, should help in overcoming this problem.

The cheap substitutes, unregulated imports, higher cost of inputs are the major concerns of the T.P. Industry. The recent reduction in Excise Duty rates will help in improving the competitiveness of these products to some extent.

HEAVY CHEMICALS

The improvement in demand for Caustic Soda from the Aluminium Sector in the wake of some major capacity expansion is encouraging. However, the disposal of allied products due to increased availability remains a major hurdle.

C. OUTLOOK

CEMENT

Even though India is the second largest cement producer in the world, the per capita cement consumption is only 146 Kg as against the world average of 357 Kg. India's per capita consumption is the lowest among the top ten cement producing countries in the world. Therefore, this country has huge potential for cement consumption growth once infrastructure development further accelerates, cement demand will go up substantially from the present level.

The restoration of export incentive for cement and clinker by the Government will encourage exports whereas the reimposed duty on import of cement will discourage cement imports.

The demand for Cement is strong in the Southern Region, where production and consumption are going neck to neck witnessing growth of about 10% year on year basis, which is higher as compared to all India growth of 8%.

TYRE

Fortunes of the tyre industry are linked to the automobile & transportation sector and the outlook for the industry looks bright in the long term. However, due to economic slowdown the demand for tyres may be impacted in the short term.

RAYON & TRANSPARENT PAPER

It is expected that the domestic demand for VFY will remain satisfactory due to its natural advantage of feel and lustre. Price decline in raw materials should have favourable impact on profitability.

However, the outlook of T.P. is not encouraging unless some effective steps to curb unregulated imports and subsidy to encourage exports are taken by the Government.

HEAVY CHEMICALS

Higher demand & better price levels for Caustic Soda are expected to continue.

D. RISKS AND CONCERNS**CEMENT**

The Cement Industry is heavily dependent on Coal for its fuel requirement. While cement capacity is increasing continuously, allotment of coal against linkages is continuously coming down. As a result, the cement industry is adversely affected and its fuel cost is increasing due to purchase of coal from the open market/e-auction and import of coal at higher cost is also a matter of concern.

Similarly, the cement industry mainly depends on rail transport for outward movement of its products and inward movement of raw materials like gypsum, coal, etc. Hence inadequate availability of wagons from the Railways is also a cause of concern in view of substantial growth in cement capacity.

TYRE

The volatility in all major raw material prices, downturn in world economy and the inverted duty structure between tyres and natural rubber puts further pressure on the industry's revenue and profitability.

RAYON & TRANSPARENT PAPER

The recessionary trend in the Textile sector due to global economic downturn is posing the biggest risk to VFY business.

Similarly, the recession in 'Firework' industry and declining domestic demand for T.P. due to cheaper imports remain cause of concern.

HEAVY CHEMICALS

Further expansion/modernization of the existing Caustic Soda Units may upset the balance in demand and supply of Caustic Soda & allied products.

E. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control in all areas of its operation by utilizing the services of internal and external audits from time to time and also by its own competent and qualified personnel.

F. MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Measures for the safety of employees, training, welfare and development continue to get high priority at all levels which are reflected in the improved quality and efficiency.

Industrial relations have been cordial in all sections of the Company in the year under review except Spun Pipes Section where the factory is under suspension of work since 2nd May, 2008.

G. The Company as a whole had 11,297 persons on its roll as on 31.3.2009.

H. CAUTION STATEMENT

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

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

B. K. BIRLA

Chairman

K.G. MAHESHWARI

B.P. BAJORIA

P.K. CHOKSEY

G.B. PANDE

AMITABHA GHOSH

P.K. MALLIK

MANJUSHREE KHAITAN

Directors

Kolkata,
2nd May, 2009.

S. K. PARIK
Director & Secretary

ANNEXURE "C"

PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31.03 2009

a) Employed through out the financial year under review and were in receipt of remuneration for the financial year in aggregate of not less than Rs. 24,00,000.

Sl. No.	Name	Designation	Nature of Duties	Gross remuneration (Rs.)	Age (Years)	Qualification(s)	Date of Commencement of employment	Experience (No.of years)	Last employment held	
									Name of the Company	Designation
1	Shri S. K. Parik	Director & Secretary	Management	62,00,061	77	B.Com., F.C.A., F.C.S.	14.07.1955	53	-	-
2	Shri K. C. Jain	Manager of the Company & Sr.President (Cement Sections)	Management and overall In-charge.	62,84,959	71	B.Com., F.C.A.	19.02.1966	45	Singhi & Co.	Officer
3	Shri J. D. Palod	Sr. President (Rayon, T.P., & Heavy Chemicals Sections)	Management and overall In-charge.	36,11,700	64	B.E. (Mech.) AMIE	01.01.1988	42	Hindusthan Heavy Chemicals Ltd.	Vice-President (Tech)
4	Shri D. S. Bindra	President (Vasavadatta Cement Section)	Unit Head	32,82,598	66	B.Sc. (Mech)	10.03.2007	44	Mangalam Cement Ltd.	President
5	Shri P. R. Sharma	Jt.President (Vasavadatta Cement Section)	In-charge of Commercial activities & Administration.	40,24,127	66	B.Com.	19.04.1967	47	Laxmi Finance Corporation	Accounts Officer
6	Shri C. K. Jain	Jt.President (Engg. & PP) (Vasavadatta Cement Section)	In-charge of Operations, Maintenance and TPH.	33,67,228	56	B.E. (Elec.)	15.01.1986	35	Cement Corpn. of India	Senior Engr. (Elec.)
7	Shri P. S. Rao	Jt.President (Project) (Vasavadatta Cement Section)	In-charge of Projects & Technical matters.	26,59,159	60	B.E.(Mech.)	10.03.2007	35	Dangote Group of Industries	General Manager
8	Shri S. V. Tapadia	Jt.President (Fin. & Admn.) (Kesoram Cement Section)	In-charge of Commercial and Administration	33,48,456	62	B.Com., F.C.A.	20.10.1971	38	-	-

Sl. No.	Name	Designation	Nature of Duties	Gross remuneration (Rs.)	Age (Years)	Qualification(s)	Date of Commencement of employment	Experience (No. of years)	Last employment held Name of the Company	Designation
9	Shri K. L. N. Rao	Jt. President (Technical) (Kesoram Cement Section)	In-charge of Technical matters.	25,01,906	70	B.A., B.Sc., (Elect.) B.I.T.	06.10.1997	47	Suvama Cement	President
10	Shri O. P. Sharma	Vice-President (Commercial) (Vasavadatta Cement)	In-charge of Purchase for Cement Sections.	24,34,738	59	B.Sc.	15.04.1971	38	-	-

b) Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs. 2,00,000/- per month

Sl. No.	Name	Designation	Gross remuneration (Rs.)	Nature of Duties	Age (Years)	Qualification(s)	Date of Commencement of employment	Experience (No. of years)	Last employment held Name of the company	Designation
1	Shri K. K. Prasad	Vice-President (Mines) (Kesoram Cement Section)	14,71,424	In-charge of Mines Operations.	67	D.M.E. (Mining)	06.01.1967	48	S. Lal & Co.	Mining Engineer

Notes:

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

Kolkata,
2nd May, 2009.

S. K. PARIK
Director & Secretary

B. K. BIRLA

Chairman

K.G. MAHESHWARI

B.P. BAJORIA

P.K. CHOKSEY

G.B. PANDE

AMITABHA GHOSH

P.K. MALLIK

MANJUSHREE KHAITAN

Directors

ANNEXURE "D"

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

SECTION 212(1)(e)

Name of the Subsidiary Company

(a) Bulland Buildmart Pvt. Ltd.

Financial year ended

31.03.2009

Holding Company's interest

Entire Subscribed Share Capital i.e.
21 lacs Equity Shares of Rs. 10 each
fully paid up.

SECTION 212(3)(b)

Net aggregate amount of Subsidiary's Profit(+)/Loss(-) which concerns the members of the Holding Company
and is not dealt with in the Company's accounts:

(a) Bulland Buildmart Pvt. Ltd.

(i) Profit(+)/Loss(-) for the financial year ended 31st March, 2009

(ii) Total Profit(+)/Loss(-) for the previous financial years since it became the holding company's subsidiary.

Rs.

-3,91,017

-13,97,353

SECTION 212(3)(c)

Net aggregate amount of Subsidiary's Profits dealt with in the Company's accounts

(a) Bulland Buildmart Pvt. Ltd.

(i) For the financial year ended 31st March, 2009

(ii) For the previous financial years of the subsidiary since it became the holding company's subsidiary.

NIL

NIL

B. K. BIRLA

Chairman

K.G. MAHESHWARI

B.P. BAJORIA

P.K. CHOKSEY

G.B. PANDE

AMITABHA GHOSH

P.K. MALLIK

MANJUSHREE KHAITAN

Directors

Kolkata,
2nd May, 2009.

S. K. PARIK
Director & Secretary

ANNEXURE 'E'

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

I. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken :

Installed VFD in Spinning machine in place of PIV gears, 1 degree centigrade approach & counter cooling tower and efficient plate heat exchangers for cooling caustic lye. (*Rayon & T.P Sections*) Synchronised with grid to reduce auxiliary consumption and increased load factor in power points. Replaced reciprocating compressor by screw type compressor in preheater-2. Modified poppet valve to arrest leakages, bag house in-let duct to increase the suction and reverse air point in each module and raw mill in-let duct to increase volume and reduce pressure drop. Increased diameter of pipe conveyor belt to avoid spillage of cement & feed restriction at cement mill – 3. Changed material composition of crusher hammer to reduce the stoppage. Reversed air fan running interlock with bag house D.P. Used cinder cast / x win materials in place of Hichrome in coal mill – 1 to 3. (*Vasavadatta Cement Section*) Changed top cyclones, MFC, TA duct and preheater fan, SPRS system and VVVF drives. Installed vertical roller pregrinder for cement mill – 3, VVVF drives for cement mill – 1 & 2, LNV separator and mill vent DC fan and weigh feeders for raw mill – 3. (*Kesoram Cement Section*) Installed rest numbers of scroll package AC, high efficiency TG supply pumps in cooling towers. Introduced gas firing in place of diesel firing at Dip unit. Modified TG cooling tower. Provided capacitor in PCC No.2 and harvesting rainwater. Reducing day lighting in the plant. (*Tyre Sections*) Installed variable frequency drive in cooling tower, in brine pumps, Return water pumps of Rectifier Transformers and energy efficient lights. Replaced high tension capacitor in HT capacitor bank. (*Hindusthan Heavy Chemicals Section*)

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

Installation of vapour absorption machine to create chilled water from waste and high efficiency ejectors for vacuum crystallizers. (*Rayon & TP Sections*) Installation of Gamma Matrix, automatic star-delta-star starter for clinker crusher motor, capacitor banks at LT Motor terminals. Replacement of gear box of Kiln II, inefficient process fans, coal mill 1 & bag filter out let duct. CFD analysis to reduce pressure drops in various ducts. (*Vasavadatta Cement Section*) Up-gradation of Blending Silos, replacement of existing Kiln II cooler with latest energy efficient cooler and reducing pressure drop of kiln II preheater and kiln I C- line No II cyclone. (*Kesoram Cement Section*) Installation of VFD at boiler feed pump, chilled water pump, D M water pump, soft water pumps and provision of auto shut off valve in chilled water system. Rain water harvesting. Planned to send chilled and processed water return through overhead pipe line. Plain water to be used in place of chilled water in T.C.U & cooler. Boiler feed pump running with high pressure, I.D. Fan with VFD and arresting of air leakages. (*Tyre Sections*)

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

Reduction in electricity consumed per unit of production was witnessed in general having favourable impact on the cost of production.

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

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption		Current Year	Previous Year
(1) Electricity			
(a) Purchased Units (in lacs)		1401.36	1017.90
Total Amount (Rs. in lacs)		5614.60	4210.84
Rate/Unit (Rs.)		4.01	4.14
(b) Own Generation			
(i) Through Diesel Generator			

		Current Year	Previous Year
	Units (in lacs)	29.54	14.09
	Units per Ltr. of diesel oil	2.93	3.48
	Cost/Unit (Rs.)	10.43	8.62
(ii)	Through Steam Turbine/ Generator		
	Units (in lacs)	5,649.52	5,150.13
	Unit per Kg. of Coal	0.94	1.01
	Cost/Unit (Rs.)	2.89	2.25
(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)	14,80,763	13,46,617
	Total Cost (Rs. in lacs)	47,646.68	33,744.30
	Average Rate/MT (Rs.)	3,217.71	2,505.85
(3)	Furnace Oil		
	Total Quantity (K. Ltrs.)	4,637.79	-
	Total Cost (Rs. in lacs)	1,507.94	-
	Average Rate / Ltr. (Rs)	32.51	-
(4)	Other Internal Generation	-	-

B Consumption per Unit of Production

		Production Unit	Standards if any	Current Year	Previous Year
1.	Electricity(kwh)				
	Vis. Filament Rayon Yarn	M.T.	-	4,198	4215(b)
	Transparent Paper (Cellulose Film)	M.T.	-	2,255	2186(d)
	Sulphuric Acid	M.T.	-	41	40(c)
	Caustic Soda	M.T.	-	3,760	3676(d)
	Alum	M.T.	-	-	11(f)
	Purified Hydrogen Gas	M.T.	-	3,900	2972(g)
	Sodium Hypochloride	M.T.	-	37	25 (d)
	Carbon-di-Sulphide	M.T.	-	1,111	1078(d)
	Sodium Sulphate	M.T.	-	92	110(b)
	Sodium Sulphide	M.T.	-	285	285
	Cement	M.T.	-	78	78
	Tyres, Tubes & Flaps	M.T.	-	1,112	1192(a)
2.	Coal				
	Vis. Filament Rayon Yarn	M.T.	-	3.77	3.41(e)
	Transparent Paper (Cellulose Film)	M.T.	-	6.25	5.48(e)
	Carbon-di-Sulphide	M.T.	-	0.36	0.25(e)
	Sodium Sulphate	M.T.	-	0.36	0.33(e)
	Cement	M.T.	-	0.15	0.14(c)

		Production Unit	Standards if any	Current Year	Previous Year
3.	Tyres, Tubes & Flaps Furnace Oil	M.T.	-	1.31	1.27(C)
4.	Tyres, Tubes & Flaps Others	K.L.	-	0.02	- (h)
		-	-	-	-

Reasons of Variation:- (a) energy conservation measures taken

(b) better production

(c) difference considered normal

(d) lower production

(e) inferior quality of coal

(f) no production during the year

(g) due to technical reason in operation

(h) no production in last year

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

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

II. TECHNOLOGY ABSORPTION :

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

FORM 'B'

1. Research & Development (R&D)

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

Impact of Sodium Carbonate in washing vis-a-vis yarn strength, low temperature steeping and xanthation of viscose. (*Rayon & TP Sections*) R&D cell continued to work for improving the quality and productivity with special attention on energy conservation. (*Cement Sections*) New range of product developed for both domestic and export markets with improved quality and reduction in cost. (*Tyre Sections*)

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

Improvement in wet elongation. (*Rayon & TP Sections*) Improvement in quality and productivity. (*Cement Sections*) Achieved better productivity, product improvement, capacity utilisation and cost reduction. (*Tyre Sections*)

(c) Future Plan of Action

Study to reduce solution lye temperature from existing 9 degree centigrade to 1 degree centigrade and its impact on viscose quality, other processed chemicals in aftertreatment. (*Rayon & TP Sections*) Study for utilisation of waste heat recovery system and use of alternate fuels. (*Vasavadatta Cement Section*) Introduction of new range of products to cater the ever changing market requirement. (*Tyre Sections*)

(d) Expenditure on R&D

NIL

(i) Capital - NIL

(ii) Recurring - NIL

(iii) Total - NIL

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

However, the Company paid a cess @ Re. 0.75 per tonne of cement despatched to the Development Commissioner for Cement Industry, Govt. of India, who in turn assists financially to National Council of Cement & Building Materials to carry out Research & Development Programmes in the interest of the Cement Industry. During the year 2008-09, the Company paid Rs.40.81 lacs to the said authority. (*Cement Sections*).

2. Technology Absorption, Adaptation and Innovation

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

Installed counter flow cooling tower and use of Tantalum spinnerettes. *(Rayon & TP Sections)* Installed cement mill 3 vertical roller pregrinder and up graded kiln by changing cyclones MFC TA Duct, preheater fan, SPRS system, VVVF drives. *(Kesoram Cement Section)* Efforts are being made for enhancement of productivity and energy conservation. Executives/ Employees are being regularly deputed for attending seminars and workshops focusing on Research & Development studies to keep them updated of the latest technical developments. *(Cement Sections)* Technology imported from M/s.Pirelli has been fully adapted to. In-house R & D efforts are on for improvement in productivity. *(Tyre Sections)*
- (b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Saving in water and substitution of cost by gold / platinum spinnerettes. *(Rayon and TP Sections)* Optimum capacity utilisation with reduced power consumption.
3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year), following information may be furnished :
 - (i) Technology imported
 - (ii) Year of import
 - (iii) Has technology been fully absorbed?

Not Applicable.

III. FOREIGN EXCHANGE EARNINGS & OUTGO :

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

Due to recession in the Western Countries export of VFY and TP has fallen down to the tune of 40% and 15% respectively as compared to the last year. Plan is to increase export by atleast 10% over last year by exploring new markets. *(Rayon & TP Sections)* Exports were made to 26 countries including Bangladesh, Vietnam, Middle East, Philipins, Pakistan during the year under reference and efforts are being made to explore new markets like Saudi Arabia, Latin American & African Countries for Truck and OTR tyres. The plan is to increase exports by atleast 20% over the last year exports. *(Tyre Sections)*
2. Total Foreign Exchange used and earned

Used	Rs. 53,854.33 lacs
Earned (on F.O.B. realisation basis)	Rs. 25,416.71 lacs

Kolkata,
2nd May, 2009.

S. K. PARIK
Director & Secretary

B. K. BIRLA

Chairman

K.G. MAHESHWARI

B.P. BAJORIA

P.K. CHOKSEY

G.B. PANDE

AMITABHA GHOSH

P.K. MALLIK

MANJUSHREE KHAITAN

Directors

Summarised Balance Sheet for the Last Five Years

	2008-09	2007-08	2006-07	2005-06	Rs. in lacs 2004-05
A. ASSETS OWNED BY THE COMPANY					
1 Net Fixed Assets					
Gross Fixed Assets	3,58,241.94	2,53,003.71	1,82,712.44	1,42,353.37	1,20,437.89
Less : Total Depreciation	<u>9,13,21.94</u>	<u>81,120.26</u>	<u>72,193.43</u>	<u>68,031.40</u>	<u>63,289.52</u>
	2,66,920.00	1,71,883.45	1,10,519.01	74,321.97	57,148.37
2 Investments	6,178.10	4,782.67	2,887.28	2,901.51	2,819.25
3 Inventories	58,906.13	44,217.02	37,688.28	25,518.52	23,024.07
4 Sundry Debtors	38,017.06	27,307.35	24,594.53	18,437.25	20,142.28
5 All Other Current Assets	60,635.75	49,102.93	24,528.68	17,025.56	19,897.17
Total Assets	<u>4,30,657.04</u>	<u>2,97,293.42</u>	<u>2,00,217.78</u>	<u>1,38,204.81</u>	<u>1,23,031.14</u>
B. (i) DUES TO BE PAID BY THE COMPANY					
1 Secured Loans	1,53,626.90	97,106.02	64,319.70	41,336.84	26,051.36
2 Unsecured Loans and Deposits	60,565.01	24,375.37	22,960.30	20,798.61	24,403.88
3 Other Liabilities	36,311.26	30,303.24	22,682.92	16,123.31	18,559.95
4 Provisions	34,528.63	33,039.27	13,570.49	7,621.94	4,512.32
5 Deferred Tax Liabilities (Net)	12,614.75	14,277.42	11,240.93	10,719.11	11,789.04
	<u>2,97,646.55</u>	<u>1,99,101.32</u>	<u>1,34,774.34</u>	<u>96,599.81</u>	<u>85,316.55</u>
(ii) THEREFORE, COMPANY'S NET WORTH REPRESENTED BY					
1 Ordinary Share Capital	4,574.16	4,574.16	4,574.16	4,574.16	4,574.15
2 Reserves and Surplus	1,28,436.33	93,617.94	60,869.28	37,030.84	33,140.44
	<u>1,33,010.49</u>	<u>98,192.10</u>	<u>65,443.44</u>	<u>41,605.00</u>	<u>37,714.59</u>

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

Summarised Profit & Loss Account for the Last Five Years

		2008-09	2007-08	2006-07	2005-06	Rs. in lacs 2004-05
RECEIPTS						
1	Sales (including Excise Duty)	4,29,206.86	3,44,032.16	2,51,645.89	1,87,781.55	17,09,01.53
2	Other Income	6,792.07	3,689.94	4,545.05	4,377.89	6,410.87
3	Increase / (Decrease) in Stock	8,795.65	4,088.11	1,507.42	-2,592.67	-1,406.62
	Total Receipts	4,44,794.58	3,51,810.21	2,57,698.36	1,89,566.77	1,75,905.78
EXPENDITURE						
1	Raw Materials and other Purchases	1,74,147.36	1,14,662.27	93,605.78	73,522.23	64,488.20
2	Stores and Power	64,124.71	47,342.23	28,862.82	26,734.18	24,688.69
3	Salary, Wages and other Amenities	18,021.46	15,324.34	12,860.05	11,578.69	11,840.62
4	Excise Duty	40,964.21	45,428.60	30,749.29	26,463.81	28,705.75
5	Sales Expenses	55,456.17	45,019.34	37,252.46	27,507.39	23,899.75
6	Manufacturing and other Miscellaneous Expenses	28,739.92	14,642.62	11,367.70	8,231.41	10,541.19
7	Interest (Net)	11,243.71	5,210.72	2,991.29	2,278.97	2,041.10
	Total Expenses	3,92,697.54	2,87,630.12	2,17,689.39	1,76,316.68	1,66,205.30
GROSS PROFIT						
		52,097.04	64,180.09	40,008.97	13,250.09	9,700.48
	Reversal of Debenture Redemption reserve	-	-	-	-	112.50
		52,097.04	64,180.09	40,008.97	13,250.09	9,812.98
APPROPRIATIONS / TRANSFERS						
1	Depreciation (net)	11,185.61	8,926.89	5,830.64	5,157.17	5,349.20
2	Provision for Taxation	4,500.00	16,500.00	7,500.00	3,400.00	1,000.00
3	Provision for deferred Tax	-1,662.67	281.16	-	-	-
4	Provision for Fringe Benefit Tax	200.00	137.00	110.00	122.00	-
5	Transfer to Debenture Redemption Reserve	2,500.00	-	-	-	-
6	Interim Dividend (including Tax thereon)	1,204.14	-	-	-	-
7	Proposed Dividend (including Tax thereon)	1,739.32	2,943.46	2,086.35	1,564.76	1,303.97
8	Reserves	4,478.17	4,000.00	3,000.00	500.00	350.00
9	Surplus / (Deficit)	27,952.47	31,391.58	21,481.98	2,506.16	1,809.81
		52,097.04	64,180.09	40,008.97	13,250.09	9,812.98

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, as at 31st March, 2009, the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with 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, issued by the Central Government of India in terms of Section 227 (4A) 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 further report that :
 - 3.1 (a) The Company has maintained proper records to show full particulars (other than details regarding revaluations made during 1982-83) including quantitative details and situation of its fixed assets.
 - (b) The fixed assets of the Company are physically verified by the management according to phased programmes designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such programmes [without any coverage for items of Company's Spun Pipes & Foundries Unit (which is under suspension of work effective 2nd May, 2008 having year-end book value of Rs.4,38,87,544), a portion of the fixed assets have 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.
 - 3.2 (a) The inventories [excluding stocks with third parties and pertaining to the aforesaid Spun Pipes & Foundries Unit (year-end book value Rs. 5,99,23,767)] have been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of physical verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventories other than work-in-process. As in earlier years, work-in-process has been determined by the management on the basis of physical verification as mentioned in paragraph 3.2 (a) above. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
 - 3.3 The Company has neither granted nor taken during the year any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - 3.4 In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, 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 and for the sale of goods. 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.

- 3.5 (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 prevalent market prices at the relevant time other than transactions of special nature for which competitive quotations are not available.
- 3.6 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.
- 3.7 In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
- 3.8 We have broadly reviewed the books of account maintained by the Company in respect of products at its Cement, Tyre, Rayon and Chemicals Units, 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.
- 3.9 (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 [other than arrears of Rs. 45,903 pertaining to cases under litigation) outstanding for a period of more than six months as on 31st March, 2009], employees' state insurance, income-tax (other than arrears of Rs. 7,49,621 outstanding for a period of more than six months as on 31st March, 2009), sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at 31st March, 2009 which have not been deposited on account of a dispute (there being no such cases with regard to wealth tax, customs duty and cess), are as follows –

<i>Name of the Statute</i>	<i>Nature of the dues</i>	<i>Amount Rs.</i>	<i>Forum where dispute is pending</i>
Income Tax Act, 1961	Income Tax	50,000	Commissioner
Central Sales Tax Act, 1956	Sales Tax	16,99,42,317	Supreme Court
		3,44,19,841	Orissa High Court
		9,30,25,962	Karnataka High Court
		79,29,815	West Bengal Commercial Taxes Appellate and Revisional Board
		29,25,145	Tribunal
		5,14,233	Commissioner
		5,14,940	Additional Commissioner
		9,22,88,662	Deputy Commissioner
		50,27,793	Assistant Commissioner
West Bengal Sales Tax Act, 1994	Sales Tax	2,35,00,259	West Bengal Commercial Taxes Appellate and Revisional Board
		14,10,678	Additional Commissioner
		3,24,32,139	Deputy Commissioner
		3,97,297	Assistant Commissioner

Delhi Sales Tax Act, 1975	Sales Tax	4,17,02,63	Additional Commissioner
Jammu & Kashmir Sales Tax Act, 1962	Sales Tax	6,63,851	Deputy Commissioner
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	18,07,934	Chennai High Court
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	47,17,943	Tribunal
Madhya Pradesh Commercial Tax Act, 1994	Sales Tax	6,36,696	Deputy Commissioner
Orissa Sales Tax Act, 1947	Sales Tax	41,501	Assistant Commissioner
Central Excise Act, 1944	Service Tax	4,52,03,992	Custom Excise & Service Tax Appellate Tribunal
		22,76,769	Assistant Commissioner
		7,01,118	Commissioner
Central Excise Act, 1944	Excise Duty	1,72,232	Calcutta High Court
		4,81,13,704	Custom Excise & Service Tax Appellate Tribunal
		8,83,25,149	Commissioner
		19,43,327	Deputy Commissioner
		1,55,10,073	Assistant Commissioner

- 3.10 The Company has no accumulated losses as at 31st March, 2009 and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- 3.11 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.
- 3.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 3.13 The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
- 3.14 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 3.15 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.
- 3.16 In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- 3.17 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.
- 3.18 The Company has not made any preferential allotment of shares during the year.
- 3.19 The Company has not created any security or charge in respect of debentures issued and repaid during the year. The Company has created security or charge (other than mortgage on immovable properties at Uttarakhand of the Company's Tyre Unit) in respect of debentures issued during the year and outstanding at year-end.

3.20 The Company has not recently raised any money by public issues.

3.21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

4. Further to our comments in paragraph 3 above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
- (e) On the basis of the written representations received from the directors as on 31st March, 2009, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of Section 274 (1) (g) 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 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 the affairs of the Company as at 31st March, 2009;
 - (ii) in the case of the Profit and Loss Account, its profit 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.

Place: Kolkata
Date: 2nd May, 2009

(S. K. Deb)
Partner
Membership No. 13390
For and on behalf of
Price Waterhouse
Chartered Accountants

ACCOUNTS



KESORAM INDUSTRIES LIMITED

Balance Sheet as at 31st March, 2009

	Schedule	Rs.	31st March, 2009 Rs.	31st March, 2008 Rs.
I. SOURCES OF FUNDS				
(1) SHAREHOLDERS' FUNDS				
(a) Capital	1	45,74,16,395		45,74,16,395
(b) Reserves and Surplus	2	<u>12,84,36,32,750</u>		<u>9,36,17,93,489</u>
			13,30,10,49,145	9,81,92,09,884
(2) LOAN FUNDS				
(a) Secured Loans	3	15,36,26,89,794		9,71,06,02,040
(b) Unsecured Loans	4	<u>6,05,65,00,732</u>		<u>2,43,75,36,472</u>
			21,41,91,90,526	12,14,81,38,512
DEFERRED TAX LIABILITY (NET)				
[Note 6 on Schedule 17]			<u>1,26,14,75,335</u>	<u>1,42,77,42,185</u>
			<u>35,98,17,15,006</u>	<u>23,39,50,90,581</u>
II. APPLICATION OF FUNDS				
(1) FIXED ASSETS	5			
(a) Gross Block		27,17,56,66,830		18,95,44,39,391
(b) Less: Depreciation		<u>9,13,21,93,666</u>		<u>8,11,20,25,873</u>
(c) Net Block		18,04,34,73,164		10,84,24,13,518
(d) Capital Work-in-Progress		<u>8,64,85,27,277</u>		<u>6,34,59,31,650</u>
			26,69,20,00,441	17,18,83,45,168
(2) INVESTMENTS	6		61,78,09,596	47,82,66,737
(3) CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	7	5,89,06,12,970		4,42,17,01,810
(b) Sundry Debtors	8	3,80,17,05,637		2,73,07,35,205
(c) Cash and Bank Balances	9	56,85,52,594		40,54,21,333
(d) Other Current Assets	10	22,36,41,866		21,46,91,785
(e) Loans and Advances	11	<u>5,27,13,80,085</u>		<u>4,29,01,79,191</u>
		<u>15,75,58,93,152</u>		<u>12,06,27,29,324</u>
Less: CURRENT LIABILITIES AND PROVISIONS	12			
(a) Current Liabilities		3,63,11,25,661		3,03,03,23,592
(b) Provisions		<u>3,45,28,62,522</u>		<u>3,30,39,27,056</u>
		<u>7,08,39,88,183</u>		<u>6,33,42,50,648</u>
Net Current Assets			<u>8,67,19,04,969</u>	<u>5,72,84,78,676</u>
			<u>35,98,17,15,006</u>	<u>23,39,50,90,581</u>

Notes on the Accounts

17

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

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

Kolkata,
2nd May, 2009.

(S.K. DEB)
Partner
Membership No. 13390
For and on behalf of
Price Waterhouse
Chartered Accountants

S. K. PARIK
Director & Secretary

B. K. BIRLA

Chairman

K.G. MAHESHWARI
B.P. BAJORIA
P.K. CHOKSEY
G.B. PANDE
AMITABHA GHOSH
P.K. MALLIK
MANJUSHREE KHAITAN

Directors

ANNUAL REPORT & ACCOUNTS 2008-09

Profit and Loss Account for the year ended 31st March, 2009

	Schedule	Rs.	2008-2009 Rs.	2007-2008 Rs.
INCOME				
Sales		42,92,06,86,229		34,40,32,16,279
Less: Excise Duty		<u>4,14,34,65,940</u>		<u>4,52,39,94,918</u>
Net Sales			38,77,72,20,289	29,87,92,21,361
Other Income	13		<u>75,93,98,846</u>	<u>40,24,16,833</u>
			<u>39,53,66,19,135</u>	<u>30,28,16,38,194</u>
EXPENDITURE				
Raw Materials and Finished Goods	14		16,53,51,71,038	11,05,74,15,656
Manufacturing, Selling and Administrative Expenses	15		16,58,30,22,170	12,26,56,38,744
Depreciation		1,13,05,95,945		<u>90,48,11,723</u>
Less: Transfer from Capital Reserve- Revaluation of Fixed Assets [Note 1(b) (iv) on Schedule 17]		<u>1,20,34,878</u>	1,11,85,61,067	<u>1,21,22,467</u>
Interest	16		<u>1,20,87,21,809</u>	89,26,89,256
			<u>35,44,54,76,084</u>	<u>54,05,74,591</u>
				<u>24,75,63,18,247</u>
PROFIT BEFORE TAXATION			4,09,11,43,051	5,52,53,19,947
Provision for Current Taxation [Note 13 on Schedule 17]			45,00,00,000	1,65,00,00,000
Provision for Deffered Tax [charge/(credit)] [Note 6 on Schedule 17]			(16,62,66,850)	2,81,15,563
Provision for Fringe Benefit Tax			2,00,00,000	1,37,00,000
PROFIT AFTER TAXATION			<u>3,78,74,09,901</u>	<u>3,83,35,04,384</u>
Transfer to Debenture Redemption Reserve [Schedule 2]			25,00,00,000	-
PROFIT AVAILABLE FOR APPROPRIATION			<u>3,53,74,09,901</u>	<u>3,83,35,04,384</u>
APPROPRIATIONS				
Proposed Dividend		14,86,65,784		25,15,88,249
Tax on Proposed Dividend		2,52,65,750		4,27,57,423
Interim Dividend		10,29,22,466		-
Tax on Interim Dividend		1,74,91,673		-
General Reserve		<u>44,78,16,845</u>		<u>40,00,00,000</u>
			<u>74,21,62,518</u>	<u>69,43,45,672</u>
Balance carried to Schedule 2			<u>2,79,52,47,383</u>	<u>3,13,91,58,712</u>
Earnings per Share (Basic and Diluted) [Note 23 on Schedule 17]			82.80	83.80

Notes on the Accounts

17

The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

Kolkata, 2 nd May, 2009.	(S.K. DEB) Partner Membership No. 13390 For and on behalf of Price Waterhouse Chartered Accountants	S. K. PARIK Director & Secretary	B. K. BIRLA	Chairman
			K.G. MAHESHWARI B.P. BAJORIA P.K. CHOKSEY G.B. PANDE AMITABHA GHOSH P.K. MALLIK MANJUSHREE KHAITAN	Directors

SCHEDULE 1

CAPITAL

AUTHORISED

		31st March, 2009 Rs.	31st March, 2008 Rs.
50,00,000	Redeemable Cumulative Preference Shares of Rs. 100 each	50,00,00,000	50,00,00,000
4,00,000	Redeemable Cumulative Second Preference Shares of Rs. 100 each	4,00,00,000	4,00,00,000
6,60,00,000	Ordinary Shares of Rs. 10 each	66,00,00,000	66,00,00,000
		<u>1,20,00,00,000</u>	<u>1,20,00,00,000</u>

ISSUED, SUBSCRIBED AND PAID-UP

4,57,43,318	Ordinary Shares of Rs. 10 each fully paid up	45,74,33,180	45,74,33,180
-------------	--	--------------	--------------

Of the above:-

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

Less: Allotment Money receivable

16,785	16,785
<u>45,74,16,395</u>	<u>45,74,16,395</u>

SCHEDULE 2

RESERVES AND SURPLUS

	Balance as at 31st March, 2008 Rs.	Additions Rs.	Deductions Rs.	Balance as at 31st March, 2009 Rs.
CAPITAL RESERVES				
Revaluation of Fixed Assets	5,32,50,907	-	1,20,34,967 (a)	4,12,15,940
Development Grant/ Subsidy	40,60,625	-	-	40,60,625
CAPITAL REDEMPTION RESERVE	3,58,81,176	-	-	3,58,81,176
Debenture Redemption Reserve	-	25,00,00,000 (b)	-	25,00,00,000
SHARE BUY BACK RESERVE	7,00,73,060	-	-	7,00,73,060
REVENUE RESERVES				
General	1,55,13,73,155	44,86,26,845 (c)	-	2,00,00,00,000
Doubtful Debts & Contingencies	20,00,000	-	-	20,00,000
	<u>1,71,66,38,923</u>	<u>69,86,26,845</u>	<u>1,20,34,967</u>	<u>2,40,32,30,801</u>
Profit and Loss Account	7,64,51,54,566	2,79,52,47,383	-	10,44,04,01,949
	<u>9,36,17,93,489</u>			<u>12,84,36,32,750</u>

(a) Comprising -

(i)	Additional depreciation charge on revalued fixed assets transferred to Profit and Loss Account [Note 1(b) (iv) on Schedule 17]	1,20,34,878
(ii)	Adjustment relating to fixed assets withdrawn	89
		<u>1,20,34,967</u>

(b) Refer Note 18 on Schedule 17.

(c) Including Rs. 8,10,000 referred to in Note 20 on Schedule 17.

SCHEDULE 3

SECURED LOANS

Nature of Loans	Nature of Security	31st March, 2009 Rs.	31st March, 2008 Rs.
I. 13% Redeemable Non-Convertible Debentures [Note 18 on Schedule 17]	First charge by way of hypothecation / mortgage on all the present and future current assets (save and except book debts and current assets hypothecated to banks in the ordinary course of business for working capital requirement) and movable/ immovable properties (including mortgage to be created on immovable properties at Uttarakhand of Company's Tyre Unit) of all Units of the Company on pari passu basis with other lenders.	1,00,00,00,000	-
II. Term Loans from - State Bank of India	Hypothecation / mortgage charge over all the immovable and movable properties (including charge to be created on properties at Uttarakhand of Company's Tyre Unit) both present and future of all the Units of the Company ranking pari passu with the existing charges save and except assets exclusively charged to other for specific loans.	2,86,57,90,400	2,22,82,70,400
Interest accrued and due - ICICI Bank Ltd.	First pari passu charge on both present and future movable fixed assets of Cement expansion project under construction at Vasavadatta Cement Unit by way of hypothecation and first pari passu charge of mortgage over both present and future immovable fixed assets of Vasavadatta Cement Unit of the Company.	10,37,246 2,85,51,25,000	- 2,85,51,25,000
- State Bank of India	Hypothecation / mortgage over all the movable / immovable assets (including mortgage on all immovable assets of all the Units of the Company and hypothecation of movable assets of the Company's Spun Pipes & Foundries Unit to be created) both present and future of all the Units of the Company ranking pari passu with the existing charges save and except assets exclusively charged to others for specific loans.	2,00,00,00,000	-
Interest accrued and due - State Bank of India	Hypothecation over all movable properties and first pari passu charge on immovable properties, both present and future, of all the Units of the Company.	36,46,575 63,06,39,598	- 1,26,14,00,000
Interest accrued and due - State Bank of India	Hypothecation / mortgage over all the movable / immovable assets (including mortgage on all immovable assets of all the Units of the Company to be created) both present and future of all the Units of the Company ranking pari-passu with the existing charges save and except assets exclusively charged to others for specific loans.	1,03,14,398 1,35,00,00,000	1,27,87,266 -
Interest accrued and due -State Bank of Hyderabad	Hypothecation over all movable properties and first pari passu charge on immovable properties, both present and future, of all the Units of the Company.	1,28,98,973 24,40,00,000	- 48,80,00,000
Interest accrued and due - State Bank of Bikaner & Jaipur	Hypothecation over all movable properties and first pari passu charge on immovable properties, both present and future, of all the Units of the Company.	- 8,16,00,000	18,77,797 16,32,00,000
Carried over		11,05,50,52,190	7,01,06,60,463

SCHEDULE 3 (Contd.)

Nature of Loans	Nature of Security	31st March, 2009 Rs.	31st March, 2008 Rs.
	Brought forward	11,05,50,52,190	7,01,06,60,463
- State Bank of Indore	Hypothecation over all movable properties and first pari passu charge on immovable properties, both present and future, of all the Units of the Company.	16,28,00,000	32,56,00,000
- State Bank of Mysore	Hypothecation over all movable properties and first pari passu charge on immovable properties, both present and future, of all the Units of the Company.	6,10,80,000	12,21,60,000
- Standard Chartered Bank	First pari passu charge by way of hypothecation over all movable assets, both present and future of the Company and first pari passu charge by way of mortgage over all immovable properties (including charge to be created on assets at Uttarakhand of Company's Tyre Unit) both present and future, of all the Units of the Company.	92,98,00,000	-
- Standard Chartered Bank	First pari passu charge by way of hypothecation/mortgage over all movable / immovable properties (including charge to be created on immovable properties at Uttarakhand of Company's Tyre Unit) both present and future, of all the Units of the Company.	48,30,51,041	-
III. From Scheduled Banks			
- Foreign Currency Non Repatriable Loan		1,03,29,25,000	-
- Working Capital Demand Loan	Hypothecation of current assets and second charge on movable and immovable fixed assets, both present and future of the Company	50,00,00,000	35,00,00,000
Interest accrued and due		17,21,841	8,00,607
- Overdraft / Cash Credit		20,48,93,588	1,04,14,20,091
Interest accrued and due		19,565	11,889
- Packing Credit Loan		93,13,46,569	85,99,48,990
		<u>15,36,26,89,794</u>	<u>9,71,06,02,040</u>

SCHEDULE 4 UNSECURED LOANS

	31st March, 2009 Rs.	31st March, 2008 Rs.
Fixed Deposits	1,90,07,000	1,64,22,000
Security deposits from Selling Agents and others	1,71,48,68,536	1,22,46,08,375
Interest accrued and due	5,67,27,963	3,58,92,833
Interest free loan from the State Industrial and Investment Corporation of Maharashtra Limited	-	7,06,602
Short Term Loans		
- from banks	1,23,54,89,858	1,15,11,06,097
- Temporary bank overdraft	3,00,77,238	88,00,565
Other loans*		
- from banks	1,00,00,00,000	-
Interest accrued and due	3,30,137	-
- from others	2,00,00,00,000	-
	<u>6,05,65,00,732</u>	<u>2,43,75,36,472</u>

*Repayable within one year from the Balance Sheet date if put / call option is exercised by the Company / lender in keeping with the terms of the related agreements.

SCHEDULE 5 FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost/ Valuation as at 31st March, 2008	Additions/ Adjustments	Deletions/ Adjustments	Cost/ Valuation as at 31st March, 2009 [Note 1(b) (i) and 1 (b) (ii) on Schedule 17]	As at 31st March, 2008	For the year	On Deletions/ Adjustments during the year	As at 31st March, 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	67,62,61,973	1,60,61,193	33,42,632	68,89,80,534	-	-	-	68,89,80,534
Leasehold Land	59,69,894	-	-	59,69,894	58,74,309	7,752	-	58,82,061
Buildings	1,19,38,49,559	2,09,26,87,955	48,46,200	3,28,16,91,314	32,40,38,807	6,29,43,311	8,63,276	2,89,55,72,472
Railway Siding	8,62,61,122	-	-	8,62,61,122	4,07,23,320	29,54,518	-	4,36,77,838
Plant and Machinery	16,72,44,26,742	6,11,45,21,540	10,22,92,955	22,73,66,55,327	7,60,47,35,771	1,02,96,52,468	9,71,64,001	8,53,72,24,238
Furniture, Fixture and Office Equipments	20,17,80,391	10,76,70,997	1,18,85,714	29,75,65,674	11,57,42,753	2,89,28,346	1,01,96,736	13,44,74,363
Vehicles etc.	6,53,40,108	1,72,41,197	47,24,234	7,78,57,071	2,09,10,913	61,09,550	22,04,139	2,48,16,324
Livestock	5,49,602	1,85,292	49,000	6,85,894	-	-	-	-
Previous Year	18,95,44,39,391	8,34,83,68,174 (a)	12,71,40,735	27,17,56,66,830 (b)	8,11,20,25,873	1,13,05,95,945	11,04,28,152	9,13,21,93,666
Capital Work-in-progress (including Capital Advances - Unsecured Considered Good)	16,76,31,75,670	2,21,78,69,939 (a)	2,66,06,218	18,95,44,39,391 (b)	7,21,93,42,588	90,48,11,723	1,21,28,438	8,11,20,25,873
								10,84,24,13,518
								8,64,85,27,277 (c)
								6,34,59,31,650 (c)
								26,69,20,00,441
								17,18,83,45,168

(a) Including -

(i) Rs. 14,67,69,056 (Previous Year - Rs. Nil) being foreign currency translation loss.

(ii) Rs. 22,90,04,570 (Previous Year - Rs. 54,91,902) being borrowing cost capitalised during the year.

(b) Including -

(i) Rs. 52,497 (31.03.2008 - Rs. 52,497), Rs. 54,17,796 (31.03.2008 - Rs. 49,98,709) and Rs. 14,38,479 (31.03.2008 - Rs. 14,38,479) being jointly owned Building, Furniture, Fixture & Office Equipments and Plant & Machinery respectively.

(ii) Rs. 7,65,27,209 (31.03.2008 - Rs. 7,65,27,209) Technical Know-how fees amortised over a period of 5 years.

(iii) Rs. 85,898 (31.03.2008 - Rs. 85,898) being aggregate cost of land on lease to third parties.

(iv) Rs. 66,15,062 (31.03.2008 - Rs. 2,21,93,737) being cost of assets lying with third parties.

(v) Rs. 80,29,44,348 being book value of revalued fixed assets [Note 1(b)(ii) on Schedule 17] as below:

	Rs.
Freehold Land	2,98,02,512
Buildings	11,39,51,068
Plant and Machinery	65,91,90,768
	<u>80,29,44,348</u>

(c) Includes:
(i) Rs. 26,19,50,230 (Previous Year - Rs. 16,95,13,779) being borrowing cost capitalised during the year.
(ii) expenses allocated Rs. 51,01,35,230 (31.03.08 - Rs. 26,41,71,402) [Note 17 on Schedule 17]

(iii) Rs. 1,57,72,08,591 (31.03.2008 - Rs. 1,28,22,00,155) being Capital Advances

(iv) Rs. 12,24,21,196 (31.03.2008 - Rs. Nil) being foreign currency translation loss

KESORAM INDUSTRIES LIMITED

SCHEDULE 6 INVESTMENTS

	Number	Face Value of each Share etc. Rs.	Book Value as at 31st March, 2009 Rs.	Book Value as at 31st March, 2008 Rs.
Long Term - Other than Trade				
(1) GOVERNMENT SECURITIES				
<u>At Cost :</u>				
6 Year National Savings Certificates (Written off during the year)			-	13,000
(2) BONDS				
<u>At under Cost :</u>				
6.75% Tax Free US 64 Bonds of Unit Trust of India (Redeemed during the year)	- (19,643)	100	-	19,64,300
(3) FULLY PAID SHARES				
<u>At under Cost :</u>				
Aditya Birla Nuvo Ltd. - Equity Shares	4,19,815	10	2,89,61,285	2,89,61,285
Birla Buildings Ltd.--Equity Shares	10,000	10	75,000	75,000
Century Textiles & Industries Ltd.-- Equity Shares	25,46,100	10	12,43,356	12,43,356
Coromandel Stampings & Stones Ltd.-- Equity Shares	10,000	10	1	1
ECE Industries Ltd.-- Equity Shares	59,000	10	6,69,859	6,69,859
Express Dairy Co. Ltd.-- Ordinary Shares (Sold during the year)	- (19,600)	10	-	1
Manjushree Plantations Ltd. -- Equity Shares *	1,53,268	10	1,04,16,094	1,04,16,094
<u>At Cost :</u>				
Aditya Birla Nuvo Ltd. -- Equity Shares	1,94,347	10	1,74,93,994	1,74,93,994
Birla Buildings Ltd. -- Ordinary Shares	20,000	10	2,00,000	2,00,000
Calcutta Stock Exchange Association Limited - Equity Shares	10,455	1	2,09,10,000	2,09,10,000
Century Enka Ltd. -- Equity Shares	13,40,680	10	12,91,29,764	12,91,29,764
Century Textiles & Industries Ltd.-- Equity Shares	2,00,000	10	16,80,56,382	16,80,56,382
ECE Industries Ltd. -- Equity Shares	4,04,096	10	1,57,20,795	1,57,20,795
Essel Mining & Industries Ltd. -- Equity Shares	119	10	24,24,802	24,24,802
Grasim Industries Ltd. -- Equity Shares	1,42,220	10	56,90,090	56,90,090
HGI Industries Ltd. -- Equity Shares	4,96,100	10	1	1
Hindalco Industries Ltd. -- Equity Shares	53,586	1	14,77,946	14,77,946
Jay Shree Tea & Industries Ltd. -- Equity Shares	1,94,058	10	1,18,600	1,18,600
Kesoram Insurance Broking Services Ltd.--Equity Shares (45,000 Equity Shares sold during the year)	1,43,000 (1,88,000)	10	2,86,000	3,76,000
Kesoram Textile Mills Ltd. -- Equity Shares (21,90,300 Equity Shares purchased during the year)	22,96,986 (1,06,686)	2	1,57,70,170	10
Mangalam Cement Ltd. -- Equity Shares	28,62,000	10	4,65,41,500	4,65,41,500
Mangalam Timber Products Ltd. -- Equity Shares	24,45,000	10	3,09,69,500	3,09,69,500
Meghdoot Co-operative Housing Society Ltd.-- Shares	10	100	1,000	1,000
Padmavati Investment Ltd. - Equity Shares	7,231	10	58,81,551	58,81,551
Vasavadatta Services Ltd. -- Equity Shares (16,000 Equity Shares sold during the year)	18,800 (34,800)	10	1,88,000	3,48,000
Vidula Chemicals & Manufacturing Industries Ltd. - Equity Shares*	44,750	10	5,93,138	5,93,138
Carried over			50,28,18,828	48,92,75,969

SCHEDULE 6 INVESTMENTS

	Number	Face Value of each Share etc. Rs.	Book Value as at 31st March, 2009 Rs.	Book Value as at 31st March, 2008 Rs.
Brought forward			50,28,18,828	48,92,75,969
4. FULLY PAID SHARES IN SUBSIDIARY				
<u>At Cost :</u>				
Bulland Buildmart Pvt. Ltd. - Equity Share (Acquired during the year - refer Note 19 on Schedule 17)	2,10,000	10	12,60,00,000	-
			62,88,18,828	48,92,75,969
Less : Provision for diminution in value of investments			1,10,09,232	1,10,09,232
			61,78,09,596	47,82,66,737
Aggregate Book Value of Investment in Shares etc. :				
Quoted (net of provision)			46,18,43,242	44,80,37,382
Unquoted			15,59,66,354	3,02,29,355
			61,78,09,596	47,82,66,737
Aggregate Market Value of Quoted Investment in Shares etc. (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)			1,46,23,46,283	3,98,97,73,446
Book Value of Investments lodged / pledged as Securities with				
a) Government Departments (net of write of)			-	13,000
b) Small Industries Development Bank of India Limited			-	4,98,25,918
			-	4,98,38,918
Figures in bracket represents for previous year.				

INVESTMENTS

Investments purchased and sold during the year

	Number	Face Value of each Unit Rs.	Cost Rs.
Current Investment – other than trade			
Units in Mutual Funds			
HDFC Cash Management Fund – Savings Plan – Daily Dividend	61,16,891.559	10	6,50,61,705
Re investment			
Kotak FMP 1M Series 1 – Growth	10,00,000.000	10	1,00,00,000
LICMF Liquid Plus Fund – Daily Dividend Plan	1,90,11,429.969	10	19,01,14,300
NFSTD Canara Robeco Floating Rate ST Daily Dividend Fund	29,29,088.601	10	3,00,52,449
SBI – Magnum Insta Cash Fund – Daily Dividend Option	32,86,100.990	10	5,50,43,177
UTI Liquid Cash Plan Institutional – Daily Income Option - Re investment	22,13,626.660	1,000	2,25,66,72,180

SCHEDULE 7

INVENTORIES

[Refer Note 1(d) on Schedule 17]

	31st March, 2009	31st March, 2008
	Rs.	Rs.
Stores and Spare Parts	1,31,70,98,342	73,66,33,239
Raw Materials	2,24,13,15,921	2,21,03,73,329
Work-in-Process	64,81,52,922	51,79,69,097
Finished Goods	1,68,40,45,785	95,67,26,145
	<u>5,89,06,12,970</u>	<u>4,42,17,01,810</u>

SCHEDULE 8

SUNDRY DEBTORS

	31st March, 2009	31st March, 2008
	Rs.	Rs.
Debts over six months		
Secured - Considered good	1,87,37,401	94,933
Unsecured		
- Considered good	3,29,54,603	2,25,81,796
- Considered doubtful	<u>5,28,089</u>	-
	3,34,82,692	2,25,81,796
Less: Provision for doubtful debts	<u>5,28,089</u>	-
	3,29,54,603	2,25,81,796
Other Debts - Considered good		
Secured	1,35,75,34,063	84,88,97,243
Unsecured	<u>2,39,24,79,570</u>	1,85,91,61,233
	3,75,00,13,633	2,70,80,58,476
	<u>3,80,17,05,637</u>	<u>2,73,07,35,205</u>

SCHEDULE 9

CASH AND BANK BALANCES

	31st March, 2009 Rs.	31st March, 2008 Rs.
Cash in hand [including Rs. 63,44,073 (31.03.2008 -Rs. 50,68,998) cheques/ drafts in hand]	83,38,292	71,54,975
With Scheduled Banks on -		
Current Account [including Rs. 19,12,56,787 (31.03.2008 - Rs.12,12,83,513) Remittances in transit]	54,25,66,016	38,58,28,300
Unpaid Dividend Accounts	1,48,12,098	1,06,52,777
Term Deposit Account	28,31,188	17,80,281
[including Rs.21,188 (31.03.2008- Rs.20,281) pledged with sales tax/ ESI Authorities]		
With Post Office Savings Bank Account	5,000	5,000
[Maximum Amount outstanding at any time during the year Rs.5,000 (Previous Year Rs.5,000)]		
	<u>56,85,52,594</u>	<u>40,54,21,333</u>

SCHEDULE 10

OTHER CURRENT ASSETS

	31st March, 2009 Rs.	31st March, 2008 Rs.
Unsecured - Considered Good		
Deposits	10,84,63,420	10,71,31,919
Accruals under Duty Exemption Scheme pertaining to exports	11,23,81,314	10,50,37,695
Accrued Interest on Investments	-	44,519
Accrued Interest on deposits	27,97,132	24,77,652
	<u>22,36,41,866</u>	<u>21,46,91,785</u>

SCHEDULE 11

LOANS AND ADVANCES

	31st March, 2009 Rs.	31st March, 2008 Rs.
Unsecured - Considered Good		
Loan to Subsidiary	41,50,00,000	-
Other Loans (including accrued interest)	8,61,48,926	7,41,26,773
Advances recoverable in cash or in kind or for value to be received	1,63,00,44,650	1,72,22,12,577
Balance with Excise, Port Trust and Customs Authorities etc.	12,18,382	54,76,352
Advance Payment of Income Tax (including tax deducted at source)	3,13,89,68,127	2,48,83,63,489
	<u>5,27,13,80,085</u>	<u>4,29,01,79,191</u>

SCHEDULE 12

CURRENT LIABILITIES AND PROVISIONS

		31st March, 2009	31st March, 2008
	Rs.	Rs.	Rs.
CURRENT LIABILITIES			
Sundry Creditors			
Due to Micro and Small Enterprises	10,33,407 *		-
Others	<u>2,44,26,08,661</u>		<u>2,22,09,51,184</u>
		2,44,36,42,068	2,22,09,51,184
Advance from customers		16,11,15,481	16,03,77,559
Unclaimed Dividend	1,48,12,056		1,06,33,966
Unclaimed Matured Debentures	-		2,53,82,188
Interest Accrued on Matured Debentures (being unclaimed)	<u>-</u>		<u>11,15,244</u>
		1,48,12,056	3,71,31,398
Other Liabilities		85,76,00,000	57,07,79,650
Interest accrued but not due on loans		15,39,56,056	4,10,83,801
		<u>3,63,11,25,661</u>	<u>3,03,03,23,592</u>

* represents principal amount

Note:

There is no amount due and outstanding to be credited to Investors Education and Protection Fund as at Balance Sheet date other than unclaimed dividend of Rs. 45,903 (31.03.2008 - Rs.36,499) pertaining to cases under litigation regarding beneficial ownership of shares.

PROVISIONS

Taxation (including tax on Proposed Dividend)	3,29,88,29,104	3,04,94,26,025
Fringe Benefit Tax [Net of Advance Tax Rs. 4,12,53,551 (31.03.2008 Rs. 3,49,62,210)]	53,67,634	29,12,782
Proposed Dividend	14,86,65,784	25,15,88,249
	<u>3,45,28,62,522</u>	<u>3,30,39,27,056</u>

SCHEDULE 13

OTHER INCOME

	2008-2009	2007-2008
	Rs.	Rs.
Income from Long term Investments (other than trade)		
- Dividend	4,72,28,746	2,35,81,100
- Interest	<u>22,098</u>	1,32,912
	4,72,50,844	2,37,14,012
Dividend from Current Investments (other than trade)	19,43,811	1,18,67,417
Interest (Gross)		
On loans [Tax deducted at source Rs.11,34,181 (2007-2008 - Rs. 8,40,220)]	74,78,558	37,80,989
On bank and other deposits [Tax deducted at source Rs. 1,15,691 (2007-2008 - Rs. 70,386)]	15,93,105	27,16,560
On advance tax	4,10,26,910	4,268
On delayed payment by customers	2,99,04,760	1,30,00,843
On delayed credit by bank	<u>1,88,879</u>	-
	8,01,92,212	1,95,02,660
Insurance Claims	1,79,36,425	70,04,156
Accruals under duty exemption scheme pertaining to exports	24,05,67,739	16,67,52,709
Foreign Currency Translation Gain (Net)	-	3,81,98,127
Liabilities no longer required written back	4,64,64,863	16,87,685
Profit on Fixed Assets sold/ discarded (Net)	3,35,17,858	-
Profit on Long Term Investments (other than trade) sold	36,14,099	-
Profit on Current Investments (other than trade) sold	76,319	-
Miscellaneous Income	28,78,34,676	13,36,90,067
	<u>75,93,98,846</u>	<u>40,24,16,833</u>

SCHEDULE 14

RAW MATERIALS AND FINISHED GOODS

	Rs.	2008-2009 Rs.	2007-2008 Rs.
(i) Raw Materials Consumed			
Opening Stock	2,21,03,73,329		2,01,34,10,362
Purchases (a)	<u>16,10,08,47,131</u>		<u>10,82,87,12,916</u>
	18,31,12,20,460		12,84,21,23,278
Less : Closing Stock	<u>2,24,13,15,921</u>		<u>2,21,03,73,329</u>
		16,06,99,04,539	10,63,17,49,949
Raising cost of limestone (b)		74,34,58,869	64,79,37,511
(ii) (Increase)/Decrease in Work In Process, Finished Goods			
Opening Stock			
Work - in - Process	51,79,69,097		25,48,31,133
Finished Goods	<u>95,67,26,145</u>		<u>85,67,32,564</u>
	1,47,46,95,242		1,11,15,63,697
Purchases (c)	<u>60,13,73,325</u>		<u>18,65,39,038</u>
	2,07,60,68,567		1,29,81,02,735
Add: Semi-processed items transferred from trial run [Note 17A on Schedule 17]	<u>3,08,21,279</u>		-
	2,10,68,89,846		1,29,81,02,735
Less: Closing Stock			
Work - in - Process	64,81,52,922		51,79,69,097
Finished Goods	<u>1,68,40,45,785</u>		<u>95,67,26,145</u>
	(22,53,08,861)		(17,65,92,507)
Less : Transferred to Capital Jobs	<u>5,28,83,509</u>		<u>4,56,79,297</u>
		(27,81,92,370)	(22,22,71,804)
		<u>16,53,51,71,038</u>	<u>11,05,74,15,656</u>
(a) Purchase of Raw Materials is net of sale value		6,95,52,346	-
(b) Limestone Raising Cost include:			
Salaries, Wages, Bonus etc.		4,73,86,522	4,27,73,676
Contribution to Provident and other Funds		38,47,957	35,24,328
Workmen and Staff welfare		42,56,480	26,51,706
Dead Rent, Royalty etc.		26,88,63,174	25,93,15,610
Power and Fuel		12,68,872	14,52,092
Stores Consumed		26,88,15,610	21,70,15,036
Machinery repairs		12,18,13,066	9,90,56,720
Other repairs		5,88,674	7,44,723
Rates and taxes		1,20,627	1,03,016
Insurance		3,71,532	3,61,132

SCHEDULE 14 (Contd.)
RAW MATERIALS AND FINISHED GOODS

				2008-2009	2007-2008
				Rs.	Rs.
				Quantity	
				2008-2009	2007-2008
(c) Purchase of finished goods include :					
Tyres, tubes & flaps (set)	Nos.	550	3,748	74,31,195	3,44,77,923
Tubes	Nos.	3,79,251	43,188	40,27,78,598	3,62,49,971
Flaps	Nos.	8,44,817	6,30,276	19,09,03,743	11,50,21,576
Market Fittings	Pcs.	4,121	22,945	2,59,789	7,89,568

SCHEDULE 15
MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES

				2008-2009	2007-2008
				Rs.	Rs.
Salaries, Wages, Bonus etc.					
				1,50,53,55,295	1,26,11,55,781
Contribution to Provident Fund					
				13,02,56,510	11,32,99,493
Contribution to Superannuation Fund					
				44,20,321	37,07,782
Contribution to Gratuity Fund					
				6,90,67,078	6,51,98,271
Contribution under Employees' State Insurance Scheme					
				1,25,08,546	2,42,59,647
Workmen and Staff Welfare					
				8,05,38,069	6,48,13,310
Power and Fuel					
				5,55,90,83,241	3,94,68,85,503
Stores and Spare Parts consumed [less sale value Rs. 2,28,70,199 (2007-2008 - Rs.1,74,46,719)]					
				85,33,87,851	78,73,36,915
Repairs and Maintenance					
Building				6,08,04,053	6,31,85,996
Plant and Machinery				36,17,80,083	33,61,21,826
Others				3,91,62,967	3,00,58,385
Rent [Net of realisation Rs. 98,20,697 (2007-2008 - Rs. 90,99,904)]					
				2,12,73,153	1,40,27,312
Rates and Taxes					
				30,23,57,075	16,85,46,959
Insurance					
				5,19,46,423	4,42,90,380
Brokerage and Discounts					
				97,85,74,137	69,87,80,623
Packing, Carriage and Shipping					
				4,14,30,15,641	3,46,99,90,537
Commission to Selling Agents					
				42,40,27,119	33,31,61,958
Directors' Fees					
				7,25,000	5,00,000
Directors' Commission					
				20,00,000	20,00,000
Long Term Investments (other than trade) written off					
				13,000	-
Carried over				14,60,02,95,562	11,42,73,20,678

SCHEDULE 15 (Contd.)

MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES

	2008-2009	2007-2008
	Rs.	Rs.
Brought forward	14,60,02,95,562	11,42,73,20,678
Debts/ Advances/ Deposits written off	7,22,15,354	6,13,69,241
Loss on Fixed Assets sold/ discarded (Net)	-	49,23,927
Loss on sale of Current Investments (other than trade) (Net)	-	1,17,692
Provision for Doubtful Debts	5,28,089	-
Foreign Currency Translation Loss (Net)	45,74,30,209	-
Miscellaneous Expenses	1,45,25,52,956	77,19,07,206
	<u>16,58,30,22,170</u>	<u>12,26,56,38,744</u>

SCHEDULE 16

INTEREST

	2008-2009	2007-2008
	Rs.	Rs.
Interest :		
On Debentures	18,82,99,132	-
On Fixed Loans	1,12,70,98,874	49,91,77,375
Others	<u>22,31,99,158</u>	<u>12,87,88,436</u>
	1,53,85,97,164	62,79,65,811
Less: Interest Capitalised	<u>32,98,75,355</u>	<u>8,73,91,220</u>
	1,20,87,21,809	54,05,74,591
	<u>1,20,87,21,809</u>	<u>54,05,74,591</u>

SCHEDULE 17

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

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

(b) Fixed Assets and Depreciation

- (i) Fixed Assets are stated at cost of construction/ acquisition [except for items mentioned in (b) (ii) below] inclusive of inward freight, non refundable duties / taxes, incidental expenses directly related to acquisition, borrowing cost where applicable and adjustments for exchange difference referred to in Note 1(f) below. In respect of projects involving construction, related pre-operational expenses form part of the value of assets capitalised. An impairment loss is recognised wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount (i.e. higher of net selling price and value in use).
- (ii) Land, buildings and certain plant and machineries of Rayon and Transparent Paper Unit as at 31st March, 1982 and of Cement (at Basantnagar) and Spun Pipes & Foundries Units as at 31st March, 1983 are stated at valuation made by the professional valuers in 1982-83 at the then current value.
- (iii) Capital work in progress is stated at cost [including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 1 (f) below], incurred during construction / installation/ pre-operative period relating to items or projects in progress.
- (iv) Depreciation on revalued items of fixed assets referred to in (b)(ii) above is calculated on their respective revalued amounts at rates considered applicable by the valuers on straight line method as against the methods/ rates/ bases which would have otherwise been adopted for the purpose of the annual accounts of the Company and accordingly includes additional depreciation charge. An amount equivalent to the aforesaid additional depreciation charge is transferred to the credit of the Profit and Loss Account from Capital Reserve - Revaluation of Fixed Assets.
- (v) Depreciation on fixed assets acquired up to 31st March, 1983 and not covered by revaluations referred to in (b)(ii) above pertaining to Transparent Paper Division of Rayon & Transparent Paper Unit and fixed assets of Bharat General Unit (except those pertaining to Malkapur Extraction Division) is calculated under reducing balance method at applicable rates as per Schedule XIV to the Companies Act, 1956 as revised during 1993-94.
- (vi) Leasehold land is amortised over the lease period.
- (vii) Certain indirect project expenditure included under fixed assets amortised over a period of five years.
- (viii) Depreciation on fixed assets acquired up to 31st March, 1993 other than items covered in (b)(iv) to (b)(vii) above is calculated under straight line method at the rates considered adequate to amortise the depreciable book value over the remaining part (as at 1st April, 1993) of the specified period recomputed by applying the Schedule XIV rates as revised during 1993-94 in keeping with the Circular No.14/93 dated 20th December, 1993 of the Department of Company Affairs, Government of India.
- (ix) Depreciation on additions to fixed assets from 1st April, 1993 [except for deferral of annual depreciation charge for three years from 1999-2000 to 2001-2002 on certain fixed assets of Cement Units as indicated in (b)(x) below], fixed assets of Hindusthan Heavy Chemical Unit, Assam Cotton Mills Unit and those pertaining to Malkapur Extraction Divisions of Bharat General Unit [referred to in (b)(v) above], is calculated under straight line method at applicable rates as per Schedule XIV to the Companies Act, 1956 as amended during 1993-94.
- (x) Pursuant to Central Government's approval under Section 205(2)(c) of the Act, depreciation not provided in 1999-2000, 2000-2001 and 2001-2002 accounts on certain fixed asset items of Cement Units are amortised over the remaining part of specified period (as at 1st April, 2000, 1st April, 2001 and 1st April, 2002 respectively) based on the prescribed rates.

SCHEDULE 17 (contd.)

(c) Investments

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

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

(d) Inventories

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

(e) Borrowing Cost

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

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

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains / losses (other than relating to reporting of Long term foreign currency monetary items) arising out of fluctuations in the exchange rates are recognised in Profit and Loss Account in the period in which they arise. Exchange difference 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 accumulate in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long term monetary asset / liability but not beyond 31st March, 2011). Also refer Note 20 below. Differences between the forward exchange rates and the exchange rates at the date of transactions are accounted for as income/expense over the life of the contracts.

(g) Derivative Contracts

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

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

(h) Sales

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

(i) Investment Income

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

(j) Employee Benefits

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

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

Contributions towards provident funds are recognised as expense. Provident fund contributions in respect of certain employees are made to Trusts administered by the Company; the interest rate payable to the members of the Trusts is not lower than the statutory rate of interest declared annually by the Central Government under the Employees' Provident Funds

SCHEDULE 17 (contd.)

and Miscellaneous Provisions Act, 1952 and shortfall, if any, is to be made good by the Company. The remaining provident fund contributions are made to employer established provident funds (for other than covered employees) / government administered provident fund towards which the Company has no further obligations beyond its monthly contributions. (Also refer Note 15A below).

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

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

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

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

(k) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is provided/ recognised on timing differences between taxable income and accounting income using the liability method subject to consideration of prudence. Deferred tax assets on unabsorbed depreciation and carry forward of losses under tax laws are not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Pursuant to the approval of the shareholders and Hon'ble Calcutta High Court's Order dated 5th February, 2002 deferred tax as at 1st April, 2001 and for the years from 2001-2002 till 2007-2008 have been adjusted against available balance in Securities Premium Account.

(l) Government Grants

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

2. Expansion activities taken up in 2006-07 relating to fourth production line at Company's Vasavadatta Cement Unit for 1.65 million tons capacity increase of cement is expected to be completed by first quarter of 2009-10. The related Clinker Plant is under trial run since 12th March, 2009.

17.5 MW Captive power plant taken up along with aforesaid cement expansion commenced power generation effective 28th February, 2009.

The greenfield tyre project in Uttarakhand with production capacity of 257 MT/day, taken up in 2006-07, has commenced commercial production in phases during the year and is complete.

Radial tyre (100 MT/day), bias tyre (125 MT/day) and motor cycle tyre (70 MT/day) projects taken up during the year are expected to commence commercial production by end 2009/early 2010.

3. 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/ cashflows. Pending disposal of the Unit, the Unit is in operation and results thereof, have been reflected in these Accounts.
4.
 - a) The Company's Spun Pipes and Foundries Unit is under suspension of work effective 2nd May, 2008.
 - b) Consequent to sluggish demand resulting, interalia from partial production shutdown by certain major automobile manufacturers, the Company's Tyre Unit declared suspension of production during the year for 41 days at its Balasore factory.

SCHEDULE 17 (contd.)

	31st March, 2009	31st March, 2008
	Rs.	Rs.
5A Contingent Liabilities :		
(a) <i>Guarantees given -</i>		
(i) to excise authorities	11,73,223	11,73,223
(ii) by Banks on behalf of the Company	45,96,01,210	41,03,07,653
(b) <i>Claims against the Company not acknowledged as debts :</i>		
Rates, Taxes, Duties etc. demanded by various Authorities	1,20,64,70,509	69,91,01,698
Amount demanded by Provident Fund and Employees' State Insurance Authorities which is subjudice	1,24,00,913	1,24,00,913
	1,21,88,71,422	71,15,02,611
(c) <i>Rates, Taxes, Duties etc.</i>	8,91,12,673	7,30,00,000
(d) <i>Amount payable in connection with reorganisation of the Company in earlier year</i>	3,79,65,159	3,88,67,739
5B Capital Commitments [net of advances Rs.1,57,72,08,591 (31.03.08 - Rs.1,28,22,00,155)]	2,33,99,29,572	4,76,38,88,322
6 The major components of the deferred tax assets and liabilities accounted for during the year in the manner indicated in Note 1(k) above are as below:		
<u>Tax effect of timing differences</u>		
(a) <u>Deferred Tax Liabilities</u>		
Difference between written down value of block of assets as per Income tax laws and book written down value of the fixed assets	1,31,26,88,000	1,45,17,42,979
(b) <u>Deferred Tax Assets</u>		
(i) Items allowable for tax purpose on payment	5,09,85,000	2,39,04,462
(ii) Others	2,27,665	96,332
Net Deferred Tax Liability as at the year-end	1,26,14,75,335	1,42,77,42,185
Amount adjusted against Securities Premium [2008-after adjustment of Rs. 79,44,535 arising at the commencement of the year on adoption of AS 15 on 'Employee Benefits']	-	26,75,89,208
Amount charged / credited to Profit and Loss Account	(16,62,66,850)	2,81,15,563
	(16,62,66,850)	29,57,04,771

SCHEDULE 17 (contd.)

	2008-2009 Rs.	2007-2008 Rs.
7 (a) Computation of Net Profit under Section 349 / 198(1) of the Companies Act, 1956 for the purpose of Directors' commission		
Profit before Taxation per Profit and Loss Account	4,09,11,43,051	5,52,53,19,947
Add :		
Depreciation as per accounts	1,11,85,61,067	89,26,89,256
Managerial Remuneration	90,09,959	71,08,211
Long Term Investments (other than trade) written off	13,000	-
Loss on sale of Current Investments (other than trade) (Net)	-	1,17,692
Provision for doubtful debts	5,28,089	-
	<u>1,12,81,12,115</u>	<u>89,99,15,159</u>
	5,21,92,55,166	6,42,52,35,106
Less :		
Profit on Long Terms Investments (other than trade) sold	36,14,099	-
Profit on Current Investments (other than trade) sold	76,319	-
Depreciation under Section 350 of the Companies Act, 1956	1,07,84,34,264	85,20,11,669
Capital profit on sale of fixed assets	2,39,63,836	1,58,286
	<u>1,10,60,88,518</u>	<u>85,21,69,955</u>
Net Profit	<u>4,11,31,66,648</u>	<u>5,57,30,65,151</u>
1% of Net Profit	4,11,31,666	5,57,30,652
Commission payable to non-wholetime Directors	20,00,000	20,00,000
(b) Managerial Remuneration		
(i) Directors' Fees	7,25,000	5,00,000
(ii) Commission to non-wholetime Directors	20,00,000	20,00,000
(iii) Remuneration paid / payable to Manager		
Salaries, Bonus etc.	38,64,911	30,89,711
Contribution to Provident Fund	3,08,244	2,56,404
Contribution to Superannuation Fund	3,85,304	3,20,504
Contribution to Gratuity Fund	10,98,528	4,00,439
Other benefits / perquisites	6,27,972	5,41,153
	<u>62,84,959</u>	<u>46,08,211</u>
	<u>90,09,959</u>	<u>71,08,211</u>

SCHEDULE 17 (contd.)

	2008-2009 Rs.	2007-2008 Rs.
8 Power and Fuel (Schedule 15) includes consumption of stores and spares	4,95,11,40,034	3,48,71,23,237
9 Repairs and Maintenance (Schedule 15) includes :		
(a) Consumption of stores and spare parts	13,94,25,323	11,51,12,816
(b) Salaries and Wages	14,64,68,536	13,28,85,750
(c) Technical Service fees	5,77,872	13,72,987
10 Packing, Carriage and Shipping (Schedule 15) includes :		
(a) Consumption of stores and spare parts	59,62,25,681	51,59,15,695
(b) Salaries and Wages	6,48,21,711	5,61,84,330
11 Fixed Assets / Capital Work-in-Progress (Schedule 5) include :		
Consumption of stores and spare parts during the year	1,79,98,63,402	91,20,44,043
12 Miscellaneous expenses (Schedule 15) includes :		
(a) Guarantee Commission	16,14,257	20,64,049
(b) Technical Service Charges	35,09,300	20,31,846
(c) Conversion Charges	34,55,79,589	14,22,37,196
(d) Consumption of stores and spare parts	2,22,06,581	2,28,20,193
(e) Auditors' Remuneration:		
As Auditors -		
Audit Fees	62,00,000	52,00,000
Tax Audit Fees [including Rs.3,50,000 (2007-08 - Rs. 97,500) for previous year]	28,50,000	17,47,500
Fees for issuing various certificates (including Limited Review)	32,63,000	23,76,300
Reimbursement of Expenses	2,57,931	2,38,732
(f) Payment to Cost Auditors (Fees)	4,15,000	3,31,000
13 Provision for Current Tax for the year 2008-2009 is net of write back of Rs. 40,92,26,444 (2007-2008 - Rs. Nil) in respect of earlier years.		
14 Miscellaneous expenses (Schedule 15) is net of Rs. 3,80,73,336 [2007-08 including Rs.1,88,65,463] being excise duty related to the difference between the closing stock and opening stock.		

SCHEDULE 17 (contd.)

15 A. In keeping with the Guidance on implementing Accounting Standard (AS) 15 on Employee Benefits issued by the Accounting Standards Board of the Institute of Chartered Accountants of India (ASB Guidance), employer-established provident fund trusts are treated as Defined Benefit Plans since the Company is obligated to meet interest shortfall, if any, with respect to covered employees. According to the management, in consultation with Actuary, actuarial valuation cannot be applied to reliably measure provident fund liabilities in absence of guidance from Actuarial Society of India. Accordingly, the Company is currently not in a position to provide other related disclosures as required by the aforesaid AS 15 read with the ASB Guidance, however, having regard to the position of the Fund (for covered employees) and confirmation from the Trustees' of such Fund there is no shortfall as at the year end.

B. In keeping with the Company's gratuity scheme (a defined benefit plan), eligible employees are entitled to gratuity benefit (at one half months eligible salary for each completed year of service) on retirement / death / incapacitation / termination. Also refer Note 1 (j) for accounting policy relating to gratuity. Following are the further particulars with respect to gratuity :-

	2008-2009 Rs.	2007-2008 Rs.
I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation		
(a) Present Value of Obligation at the beginning of the year	47,00,50,924	40,47,57,613
(b) Current Service Cost	3,30,26,132	2,96,67,743
(c) Interest Cost	3,37,82,502	3,11,97,324
(d) Actuarial (Gain)/Loss	36,57,471	3,40,10,380
(e) (Benefits Paid)	(3,92,35,112)	(2,95,82,136)
(f) Present Value of Obligation at the end of the year	<u>50,12,81,917</u>	<u>47,00,50,924</u>
II. Reconciliation of opening and closing balances of the fair value of Plan Assets		
(a) Fair Value of Plan Assets at the beginning of the year	42,82,25,808	35,68,97,684
(b) Expected Return on Plan Assets	2,99,75,806	2,85,51,815
(c) Actuarial Gain/(Loss)	(2,85,76,779)	11,25,361
(d) Contributions by employer	4,60,35,116	7,12,33,084
(e) (Benefits Paid)	(3,92,35,112)	(2,95,82,136)
(f) Fair Value of Plan Assets as at the end of the year	<u>43,64,24,839</u>	<u>42,82,25,808</u>
III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above		
(a) Present Value of Obligation as at the end of the year	50,12,81,917	47,00,50,924
(b) Fair Value of Plan Assets as at the end of the year	43,64,24,839	42,82,25,808
(c) (Asset)/Liability recognised in the Balance Sheet	<u>6,48,57,078</u>	<u>4,18,25,116</u>

SCHEDULE 17 (contd.)

IV. Expense charged to the Profit and Loss Account

	2008-2009 Rs.	2007-2008 Rs.
(a) Current Service Cost	3,30,26,132	2,96,67,743
(b) Interest Cost	3,37,82,502	3,11,97,324
(c) (Expected Return on Plan Assets)	(2,99,75,806)	(2,85,51,815)
(d) Actuarial Loss	3,22,34,250	3,28,85,019
(e) Total expense charged to the Profit and Loss Account*	<u>6,90,67,078</u>	<u>6,51,98,271</u>

* reflected as 'Contribution to Gratuity Fund' under 'MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES' on Schedule 15

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

	31st March, 2009 Rs.	31st March, 2008 Rs.
(a) NAV / Interest based schemes with Insurance Companies	58.19%	56.51%
(b) Special Deposit Scheme with State Bank of India	30.31%	31.19%
(c) Government (Central and State) Securities	3.89%	5.41%
(d) Others (including bank balances)	7.61%	6.89%

VI. Actual Return on Plan Assets

	2008-2009 Rs.	2007-2008 Rs.
	13,99,027	2,96,77,176
	31st March, 2009 Rs.	31st March, 2008 Rs.

VII. Principal Actuarial Assumptions

(a) Discount Rate (per annum)	7.50%	8.00%
(b) Expected Rate of Return on Plan Assets (per annum)	7.00%	8.00%
(c) Salary Escalation	5.00%	6.00%
(d) Inflation Rate	5.00%	6.00%

The estimates 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.

16 Miscellaneous Income (Schedule 13) includes interest subsidy Rs. Nil (31.03.2008 Rs. 2,45,84,660)

ANNUAL REPORT & ACCOUNTS 2008-09

SCHEDULE 17 (contd.)

17A Details of pre-operative expenses incurred relating to expansion / greenfield projects referred to in Note 2 above -

	2008-2009				
	Upto 31st March, 2008	During 2008-2009	Total	Capitalised/ Transferred	Balance as on 31st March, 2009
	Rs. (a)	Rs. (b)	Rs. (c) = (a) + (b)	Rs. (d)	Rs. (c) - (d)
Raw Materials consumed	-	3,21,49,062	3,21,49,062	3,21,49,062	-
Stores and Spare Parts Consumed	-	6,165	6,165	6,165	-
Salaries, Wages, Bonus etc.	2,25,14,103	3,01,92,319	5,27,06,422	3,60,03,019	1,67,03,403
Contribution to Provident and Other Funds	12,31,512	25,20,678	37,52,190	26,89,647	10,62,543
Workmen and Staff Welfare	17,03,514	67,14,449	84,17,963	83,69,851	48,112
Power and Fuel	1,22,56,035	11,15,82,483	12,38,38,518	7,64,15,063	4,74,23,455
Repairs and Maintenance to Plant & Machinery	-	2,70,317	2,70,317	1,23,116	1,47,201
Rent	6,29,485	31,64,890	37,94,375	33,37,175	4,57,200
Rates & Taxes	11,04,424	12,62,359	23,66,783	17,52,636	6,14,147
Insurance	55,19,905	59,90,949	1,15,10,854	43,02,517	72,08,337
Miscellaneous Expenses	13,77,27,255	28,08,80,862	41,86,08,117	17,82,12,978	24,03,95,139
	18,26,86,233	47,47,34,533	65,74,20,766	34,33,61,229	31,40,59,537
Interest	8,14,85,169	32,98,75,355	41,13,60,524	21,52,84,831	19,60,75,693
Total (A)	26,41,71,402	80,46,09,888	1,06,87,81,290	55,86,46,060	51,01,35,230
Scrap Sales during trial run	-	35,15,117	35,15,117	35,15,117	-
Total (B)	-	35,15,117	35,15,117	35,15,117	-
Net Pre-Operative Expenses (A-B)	26,41,71,402	80,10,94,771	1,06,52,66,173	55,51,30,943	51,01,35,230
Power generated during Trial Run (Included under Power and Fuel in Schedule 15)				1,23,88,367	
Semi-processed items transferred (Schedule 14)				3,08,21,279	
Capitalised				51,19,21,297	
				55,51,30,943	

17B Details of pre-operative expenses incurred in 2007-2008 relating to cement and tyre expansion / greenfield projects -

	2007-2008				
	Upto 31st March, 2007	During 2007-2008	Total	Capitalised/ Transferred	Balance as on 31st March, 2008
	Rs. (a)	Rs. (b)	Rs. (c) = (a) + (b)	Rs. (d)	Rs. (c) - (d)
Stores and Spare Parts Consumed	621	-	621	621	-
Salaries, Wages, Bonus etc.	3,93,416	2,22,54,003	2,26,47,419	1,33,316	2,25,14,103
Contribution to Provident and Other Funds	9,942	12,31,512	12,41,454	9,942	12,31,512
Workmen and Staff Welfare	5,113	17,03,514	17,08,627	5,113	17,03,514
Power and Fuel	17,42,725	1,22,56,035	1,39,98,760	17,42,725	1,22,56,035
Rent	96,850	5,32,635	6,29,485	-	6,29,485
Rates & Taxes	1,82,583	11,00,523	12,83,106	1,78,682	11,04,424
Insurance	23,16,184	55,19,905	78,36,089	23,16,184	55,19,905
Miscellaneous Expenses	2,96,37,993	13,11,69,456	16,08,07,449	2,30,80,194	13,77,27,255
	3,43,85,427	17,57,67,583	21,01,53,010	2,74,66,777	18,26,86,233
Interest	3,69,56,023	8,35,11,502	12,04,67,525	3,89,82,356	8,14,85,169
Pre-Operative Expenses	7,13,41,450	25,92,79,085	33,06,20,535	6,64,49,133	26,41,71,402

SCHEDULE 17 (contd.)

Notes

18. 13% Secured redeemable non convertible debentures aggregating Rs.100 crores (31.03.08-Nil), privately placed (allotment date -17th November,2008) are due for redemption at par at the end of third year from the date of allotment with put/call option at par at the end of first year from the date of allotment. Debenture Redemption Reserve of Rs. 25 crores, being 25% of the aforesaid value of debentures has been created out of the profits for the year.
19. Pursuant to acquisition of shares in Bulland Buildmart Private Limited (BBPL) during the year, BBPL has become a wholly owned subsidiary of the Company effective 1st July, 2008. The Company has filed an application in the High Court at Calcutta for amalgamation of BBPL with the Company effective 1st October, 2008 which is pending before the High Court, accordingly, no effect of the aforesaid amalgamation has been considered in these accounts.
20. In keeping with the Notification No. G.S.R. 225(E) dated 31st March,2009 issued by the Ministry of Corporate Affairs, the Company has opted to adjust the exchange differences arising on reporting of long term foreign currency monetary items (loan) relating to acquisition of depreciable capital assets in the carrying amount of such assets (to be depreciated over the balance life of the related assets) with retrospective effect from the Company's financial year ended 31st March, 2008 vis-a-vis recognition of aforesaid exchange differences as income/expense in the Profit and Loss Account in the previous year. Pursuant to the exercise of the aforesaid option, exchange difference as on 1st April, 2008 being net loss of Rs. 810,000 has been debited to Capital Work in Progress with corresponding credit to General Reserve. Further, as a result of this change, year-end carrying amount of fixed assets/capital work in progress is higher by Rs. 26,83,80,252 with corresponding incremental impact on the profit for the year.
21. 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 losses amounting to Rs. 17,36,12,270 (2007-08 -Nil) in respect of outstanding derivative contracts at the Balance Sheet date by marking them to market as indicated in Note 1 (g) above. Such derivative loss is included in 'Miscellaneous Expenses' under Schedule 15 to accounts. Realised Loss (net) of Rs. 77,02,500 (2007-08 - Nil) during the year arising from derivative contracts is included in 'Miscellaneous Expenses' under schedule 15 to accounts.
22. Information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 is given in Schedule 18 .

		2008-2009	2007-2008
23. Earnings Per Share (EPS)			
Number of Ordinary shares at the beginning of the year		4,57,43,318	4,57,43,318
Number of Ordinary shares at the end of the year		4,57,43,318	4,57,43,318
Weighted average number of Ordinary shares outstanding during the year	(A)	4,57,43,318	4,57,43,318
Nominal value of each Ordinary Share (Rs.)		10	10
Profit after Tax (Rs.)	(B)	3,78,74,09,901	3,83,35,04,384
Earnings per Share (Basic and Diluted) (Rs.)	(B/A)	82.80	83.80

SCHEDULE 17 (contd.)

24 Information about Business segments

	2008-2009				
	Tyres	Cement	Rayon, T.P. and Chemicals	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Segment Revenue					
Sales	19,47,22,61,417	20,51,34,96,046	2,77,45,25,028	16,31,58,626	42,92,34,41,117
Less: Inter segment Sales (made at cost)	-	-	27,54,888	-	27,54,888
Total	<u>19,47,22,61,417</u>	<u>20,51,34,96,046</u>	<u>2,77,17,70,140</u>	<u>16,31,58,626</u>	<u>42,92,06,86,229</u>
Segment Results [Profit / (Loss) after considering Other Income and before interest and tax]	57,68,75,028	5,51,90,60,287	(4,49,76,597)	(17,97,30,852)	5,87,12,27,866
Interest					(1,20,87,21,809)
Other unallocated expenditure (net of income)					(57,13,63,006)
Profit Before Tax					<u>4,09,11,43,051</u>
Segment Assets	21,43,70,08,939	15,58,42,75,180	1,28,98,31,351	13,90,27,489	38,45,01,42,959
Unallocated Assets					4,61,55,60,230
Total					<u>43,06,57,03,189</u>
Segment Liabilities	3,19,68,80,930	1,42,73,56,589	26,73,86,986	1,42,36,114	4,90,58,60,619
Unallocated Liabilities					24,85,87,93,425
Total					<u>29,76,46,54,044</u>
Segment Capital Expenditure	6,75,56,23,575	3,86,06,82,598	3,06,49,511	9,77,785	10,64,79,33,469
Segment Depreciation and amortisation	46,05,81,567	60,61,02,383	4,70,61,318	28,72,133	1,11,66,17,401
Segment non-cash expenses other than depreciation and amortisation	-	-	15,71,170	7,11,45,944	7,27,17,114
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.

SCHEDULE 17 (contd.)

Information about Business segments

	2007-2008				
	Tyres	Cement	Rayon, T.P. and Chemicals	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Segment Revenue					
Sales	13,89,04,40,693	17,19,20,21,421	2,32,29,84,405	99,86,21,263	34,40,40,67,782
Less: Inter segment Sales (made at cost)	-	-	8,51,503	-	8,51,503
Total	<u>13,89,04,40,693</u>	<u>17,19,20,21,421</u>	<u>2,32,21,32,902</u>	<u>99,86,21,263</u>	<u>34,40,32,16,279</u>
Segment Results [Profit/(Loss) after considering Other Income and before interest and tax]	96,83,16,024	5,21,98,33,715	8,04,84,748	(16,96,56,982)	6,09,89,77,505
Interest					(54,05,74,591)
Other unallocated expenditure (net of income)					(3,30,82,967)
Profit Before Tax					<u>5,52,53,19,947</u>
Segment Assets	12,85,39,10,344	11,64,79,10,745	1,59,95,79,233	47,51,96,044	26,57,65,96,366
Unallocated Assets					3,15,27,44,863
Total					<u>29,72,93,41,229</u>
Segment Liabilities	2,69,27,31,384	1,15,78,25,315	21,30,44,858	5,69,08,038	4,12,05,09,595
Unallocated Liabilities					15,78,96,21,750
Total					<u>19,91,01,31,345</u>
Segment Capital Expenditure	4,45,59,71,726	2,57,66,34,328	1,78,87,453	29,02,556	7,05,33,96,063
Segment Depreciation and amortisation	27,07,92,491	57,06,18,674	4,54,26,704	33,51,360	89,01,89,229
Segment non-cash expenses other than depreciation and amortisation	73,24,751	-	28,81,464	5,67,00,594	6,69,06,809
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.

SCHEDULE 17 (contd.)

25 Related Party Disclosures

I. List of Related Parties

(a) Parties where control exists

(i) Subsidiary

Bulland Buildmart Pvt. Ltd.

2007-2008

-

(ii) Associates

*

- Kesoram Insurance Broking Services Ltd.
(formerly Kesoram Insurance Management Limited)

*

- Vasavadatta Services Ltd.

*

- Express Dairy Company Ltd.

(b) Key Management Personnel

- Shri K.C.Jain (Manager)

- Shri K.C.Jain (Manager)

(c) Relative of Key Management Personnel

- Shri Sunil Jain
(Son of Shri K.C.Jain)

- Shri Sunil Jain
(Son of Shri K.C.Jain)

(d) Other Related Parties

- Syt.B.K.Birla

- Syt.B.K.Birla

- Century Textiles & Industries Ltd.

- Century Textiles & Industries Ltd.

- Century Enka Ltd.

- Century Enka Ltd.

- Jay Shree Tea & Industries Ltd.

- Jay Shree Tea & Industries Ltd.

(e) Enterprise having common Key Management Person

- Mangalam Cement Limited

- Mangalam Cement Limited

* ceased to be associate companies effective 1st April, 2008

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

Particulars

2008-2009

Related Parties referred to in

I (a) (i) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.	I (e) above Rs.
------------------------	--------------------	--------------------	--------------------	--------------------

(i) Income

Rent & other Services

- Century Textiles & Industries Ltd.

-

-

-

34,00,984

-

- Century Enka Ltd.

-

-

-

3,19,292

-

Sales

- Century Textiles & Industries Ltd.

-

-

-

93,07,580

-

- Others

-

-

-

9,34,384

-

SCHEDULE 17 (contd.)

II. Transactions

Particulars	2008-2009				
	Related Parties referred to in				
	I (a) (i) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.	I (e) above Rs.
(ii) Expenditure					
Rent and Other Services					
- Century Textiles & Industries Ltd.	-	-	-	40,64,647	-
- Others	-	-	18,99,432	-	-
Commission	-	-	33,08,366	-	-
Interest Paid	-	-	4,17,402	-	90,73,974
Remuneration [Refer Note 7(b)(iii) above]	-	62,84,959	-	-	-
Purchases					
- Century Textiles & Industries Ltd.	-	-	-	53,80,63,722	-
- Century Enka Ltd.	-	-	-	1,25,24,44,481	-
Directors' Fees					
- Syt. B.K.Birla	-	-	-	80,000	-
Directors' Commission					
- Syt. B.K.Birla	-	-	-	2,50,000	-
(iii) Finance & Investment					
Loan given	41,50,00,000	-	-	-	-
Security deposit taken	-	-	42,374	-	-
Loan taken	-	-	-	-	23,00,00,000
Repayment of Loan taken	-	-	-	-	23,00,00,000
Investment in Shares	12,60,00,000	-	-	-	-
(iv) Others					
Dividend paid					
- Century Textiles & Industries Ltd.	-	-	-	56,73,000	-
- Century Enka Ltd.	-	-	-	45,33,704	-
- Jay Shree Tea & Industries Ltd.	-	-	-	79,36,690	-
Dividend received					
- Century Textiles & Industries Ltd.	-	-	-	1,23,57,450	-
- Century Enka Ltd.	-	-	-	67,03,400	-
- Mangalam Cement Ltd.	-	-	-	-	1,43,10,000
- Jay Shree Tea & Industries Ltd.	-	-	-	4,85,145	-
(v) Balance Outstanding at year end					
Security deposit payable	-	-	43,94,335	-	-
Loan receivable	41,50,00,000	-	-	-	-
Directors' Commission					
- Syt. B. K. Birla	-	-	-	2,50,000	-

SCHEDULE 17 (contd.)

II. Transactions

Particulars

2008-2009

Related Parties referred to in

	I (a) (i) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.	I (e) above Rs.
Other Payable					
- Century Textiles & Industries Ltd.	-	-	-	3,26,25,639	-
- Century Enka Ltd.	-	-	-	9,59,16,974	-
- Others	-	-	12,89,705	284	-
Other receivables					
- Century Textiles & Industries Ltd.	-	-	-	13,18,071	-
- Jay Shree Tea & Industries Ltd.	-	-	-	34,163	-
Investment in shares					
- Bulland Buildmart Pvt. Ltd.	12,60,00,000	-	-	-	-
- Century Textiles & Industries Ltd.	-	-	-	16,92,99,738	-
- Century Enka Ltd.	-	-	-	12,91,29,764	-
- Mangalam Cement Ltd.	-	-	-	-	4,65,41,500
- Jay Shree Tea & Industries Ltd.	-	-	-	1,18,600	-

SCHEDULE 17 (contd.)

II. Transactions

Particulars	2007-2008				
	Related Parties referred to in				
	I (a) (ii) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.	I (e) above Rs.
(i) Income					
Rent & other Services					
- Century Textiles & Industries Ltd.	-	-	-	20,60,576	-
- Century Enka Ltd.	-	-	-	3,17,192	-
- Others	60,000	-	-	-	1,86,264
Sales					
- Century Textiles & Industries Ltd.	-	-	-	71,53,259	-
- Others	-	-	-	8,84,673	-
Sale of Fixed Assets	-	-	-	-	8,64,393
(ii) Expenditure					
Rent & Other Services					
- Vasavadatta Services Ltd.	35,62,722	-	-	-	-
- Century Textiles & Industries Ltd.	-	-	-	37,47,619	-
- Others	-	-	2,05,186	8,250	-
Commission	-	-	47,80,660	-	-
Interest Paid	-	-	3,28,632	-	-
Remuneration [refer Note 7(b)(iii) above]	-	46,08,211	-	-	-
Purchases					
- Century Textiles & Industries Ltd.	-	-	-	44,19,14,109	-
- Century Enka Ltd.	-	-	-	1,10,13,51,808	-
- Others	-	-	-	30,15,457	8,70,700
Directors' Fees					
- Syt.B.K.Birla	-	-	-	50,000	-
Directors' Commission					
- Syt.B.K.Birla	-	-	-	2,50,000	-
(iii) Finance & Investment					
Security deposit taken	-	-	17,14,234	-	-
Investment in shares					
- Century Textiles & Industries Ltd.	-	-	-	16,80,56,382	-
(iv) Others					
Dividend received					
- Vasavadatta Services Ltd.	69,60,000	-	-	-	-
- Century Enka Ltd.	-	-	-	80,44,080	-
- Others	9,40,000	-	-	4,85,145	57,24,000

SCHEDULE 17 (contd.)

II. Transactions

Particulars	2007-2008				
	Related Parties referred to in				
	I (a) (ii) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.	I (e) above Rs.
(v) Balance Outstanding at year end					
Security deposit payable	-	-	43,51,961	-	-
Other payable					
- Century Textiles & Industries Ltd.	-	-	-	2,27,77,450	-
- Century Enka Ltd.	-	-	-	15,50,52,768	-
- Others	-	-	7,75,739	2,50,284	-
Other receivable					
- Century Textiles & Industries Ltd.	-	-	-	8,94,270	-
- Others	-	-	-	17,558	-
Investment in Shares					
- Century Enka Ltd.	-	-	-	12,91,29,764	-
- Century Textiles & Industries Ltd.	-	-	-	16,92,99,738	-
- Mangalam Cement Ltd.	-	-	-	-	4,65,41,500
- Others	7,24,001	-	-	1,18,600	-
				31st March, 2009 Rs.	31st March, 2008 Rs.
26 Shares of Jay Shree Tea & Industries Ltd. held by the Company at face value being bonus shares remaining unclaimed.				1,57,260	1,57,260
27 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.					
28 Previous year's figures have been regrouped or rearranged where considered necessary.					

SCHEDULE 18 (Note 22 on Schedule 17)

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

(1) Particulars in respect of goods manufactured :

Manufacturing Section	Class of goods manufactured	CAPACITY		Unit	PRODUCTION (Meant for Sale)	
		Licensed 2008-2009 (Same as 2007-2008 except otherwise indicated)	Installed (a) 2008-2009 (Same as 2007-2008 except otherwise indicated)		2008-2009	2007-2008
Cement - At Basantnagar	Cement	Not Applicable	15,00,000 M. Tons	M. T.	15,11,615 *	11,99,445 *
	Cement	Not Applicable	[2007-2008 12,00,000 M. Tons] 41,00,000 M. Tons	M. T.	39,24,589 *	32,78,309 *
Rayon & Transparent Paper	(i) Carbon-di-Sulphide	3,603 M. Tons per year	3,600 M. Tons per year	M. T.	4,239 *	4,973 *
	(ii) Cellophane Paper (Transparent Cellulose Film)	150 M. Tons per month	3,600 M. Tons per year	M. T.	2,108 *	2,384 *
	(iii) Sodium Sulphate	5,311 M. Tons per year	5,500 M. Tons per year	M. T.	6,729 *	6,491 *
	(iv) Sodium Sulphide	70 M. Tons per year	187 M. Tons per year	M. T.	9	80
	(v) Sulphuric Acid	22,530 M. Tons per year	36,500 M. Tons per year	M. T.	33,307 *	33,983 *
	(vi) Viscose Filament Rayon Yarn	10 Tons per day	6,500 M. Tons per year	M. T.	7,768	7,509
Spun Pipes & Foundries	Cast Iron Spun Pipes & Pipe Fittings	45,000 M. Tons per year	45,000 M. Tons per year	M. T.	2,692	32,872
Tyre	(i) Tyres	Not applicable	37,10,000 Nos. per year [2007-2008 21,00,000 Nos. per year]	No.	24,19,916 (including 60,491 nos. manufactured by contract manufacturer)	19,97,792 (including 64,620 nos. manufactured by contract manufacturer)
	(ii) Tubes	Not applicable	29,50,000 Nos. per year [2007-2008 14,00,000 Nos. per year]	No.	20,12,485 (including 8,14,095 nos. manufactured by contract manufacturer)	18,77,444 (including 5,54,759 nos. manufactured by contract manufacturer)
	(iii) Flaps	Not applicable	15,25,000 Nos. per year [2007-2008 11,00,000 Nos. per year]	No.	13,23,491 (including 3,09,516 nos. manufactured by contract manufacturer)	11,10,254 (including 20,365 nos. manufactured by contract manufacturer)

SCHEDULE 18 (Continued)

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

Manufacturing Section	Class of goods manufactured	CAPACITY		PRODUCTION (Meant for Sale)	
		Licensed 2008-2009 (Same as 2007-2008 except otherwise indicated)	Installed (a) 2008-2009 (Same as 2007-2008 except otherwise indicated)	2008-2009	2007-2008
				Unit	
Hindusthan Heavy Chemicals	(i) Caustic Soda Lye (100%)	15,120 M. Tons per year	12,410 M. Tons per year	M. T.	12,064 *
	(ii) Liquid Chlorine	6,000 M. Tons per year	5,045 M. Tons per year	M. T.	5,178 *
	(iii) Sodium Hypochlorite	16,500 M. Tons per year	6,205 M. Tons per year	M. T.	3,961
	(iv) Hydrochloric Acid (100%)	9,750 M. Tons per year	8,200 M. Tons per year	M. T.	5,252 *
	(v) Ferric Alum (including Alum Liquor)	3,200 M. Tons per year	3,200 M. Tons per year	M. T.	1,477 *
	(vi) Sulphuric Acid (including Battery Grade)	20,400 M. Tons per year	18,700 M. Tons per year	M. T.	17,640 *
	(vii) Purified Hydrogen Gas	30,24,000 M ³ per year	16,20,000 M ³ per year	M ³	5,78,774 *

* 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.

SCHEDULE 18 (Continued)

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

		Stock as at 31.03.2007		Stock as at 31.03.2008		Stock as at 01.04.2008		Sales			
		Value Rs.		Value Rs.		Value Rs.		2008-2009		2007-2008	
Unit	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	
Cement - At Basanagar	M.T.	11,182	2,24,80,475	4,303	68,48,426	6,129	1,18,77,374	15,07,729 [Excluding internal consumption of 2060 MT]	5,23,94,09,431	12,04,879 [Excluding internal consumption of 1445 MT]	4,16,19,06,100
	M.T.	45,763	8,73,54,806	46,809	9,87,19,383	35,627	6,87,28,624	39,09,941 [Excluding internal consumption of 25830 MT]	14,92,83,23,085	32,52,289 [Excluding internal consumption of 24974 MT]	12,41,75,45,537
Carbon-di-Sulphide	M.T.	219	38,16,432	189	38,50,964	186	46,39,175	1,603 [Excluding internal consumption of 2639 MT]	8,43,22,166	2,392 [Excluding internal consumption of 2611 MT]	9,68,48,512
Cellophane Paper (Transparent Cellulose Film)	M.T.	224	3,43,90,871	353	6,27,05,221	384	7,64,50,996	2,076 [Excluding internal consumption of 1 MT]	37,40,91,342	2,254 [Excluding internal consumption of 1 MT]	37,09,34,676
Sodium Sulphate	M.T.	36	2,08,348	22	1,36,864	20	1,18,175	6,721 [Excluding internal consumption of 10 MT]	6,82,24,054	6,499 [Excluding internal consumption of 6 MT]	5,17,34,655
Sodium Sulphide	M.T.	2	39,731	2	70,197	1	9,836	10	1,31,174	80	16,42,613
Sulphuric Acid	M.T.	473	6,57,872	464	12,25,967	329	6,58,252	24,694 [Excluding internal consumption of 8748 MT]	26,28,70,918	25,217 [Excluding internal consumption of 8775 MT]	13,17,96,306
Viscose Filament Rayon Yarn	M.T.	761	12,95,34,198	445	7,49,10,255	333	6,88,54,901	7,880	1,59,06,93,072	7,825	1,37,58,99,449

SCHEDULE 18 (Continued)

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

Stock as at 31.03.2007				Stock as at 31.03.2008				Stock as at 01.04.2008				Sales			
Unit	Quantity	Value Rs.		Quantity	Value Rs.			Quantity	Value Rs.			Quantity	Value Rs.		
Cast Iron Spun Pipes & Pipe Fittings	M.T.	4,499	11,89,33,727	3,010	9,09,70,951	854	3,70,357	4,848	16,31,58,626	34,361	99,79,41,369				
	Pcs.	2,404	48,998	5,253	1,58,673	3,813	6,082	-	-	20,096	6,79,893				
								[Excluding internal consumption of 5,561 pcs.]							
Tyres, Tubes & Flaps (Set) purchased	No.	5,443	5,35,24,039	1,582	1,45,52,848	48	5,74,169	2,084	2,19,78,490	7,609	7,28,80,499				
	No.	91,830	30,55,37,175	1,12,716	49,00,81,382	1,75,738	1,19,19,54,068	23,56,894	17,55,42,93,701	19,76,906	12,46,90,81,774				
	No.	2,00,570	7,53,17,892	1,58,335	6,55,98,196	2,89,193	18,13,26,703	22,60,878	1,43,24,12,688	19,62,867	1,01,16,34,152				
		[Including 12 nos. (Rs.4,263) Purchased]		[Including 2,757 nos. (Rs.23,14,095) Purchased]		[Including 42,738nos. (Rs.41,298,211) Purchased]		[Including 3,39,270 nos. (Rs.36,34,55,406) on sale of Purchased]			[Including 40,443 nos. (Rs. 2,24,24,228) on sale of Purchased]				
Flaps	No.	78,968	1,27,69,974	81,057	1,57,91,943	186,046	3,80,41,894	20,63,319	37,60,85,206	17,38,441	27,64,63,825				
		[Including 12,158 nos. (Rs.22,54,831) Purchased]		[Including 11,781nos. (Rs. 21,49,962) Purchased]		[Including 43,485nos. (Rs.96,41,099) Purchased]		[Including 8,13,113 nos. (Rs.18,38,22,476) on sale of Purchased]		[Including 6,30,653 nos. (Rs.11,49,76,847) on sale of Purchased]					
Caustic Soda Lye (100%)	M.T.	105	20,53,501	316	60,28,389	57	12,45,102	5,257	13,00,86,528	5,045	11,31,00,251				
								[Excluding internal consumption of 6,739 MT]		[Excluding internal consumption of 6,808 MT]					
Liquid Chlorine	M.T.	153	5,10,497	36	1,29,457	26	30,590	4,913	2,69,75,947	5,239	3,93,90,117				
								[Excluding internal consumption of 56 MT]		[Excluding internal consumption of 56 MT]					

SCHEDULE 18 (Continued)

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

Stock as at 31.03.2007				Stock as at 31.03.2008				Stock as at 31.03.2009				Sales			
Unit	Quantity	Value Rs.		Quantity	Value Rs.			Quantity	Value Rs.			Quantity	Value Rs.		Value Rs.
Sodium Hypochlorite	M.T.	35	71,102	69	1,06,977	34	57,184	3,602	59,95,309	3,927	59,48,375				
Hydrochloric Acid (100%)	M.T.	30	40,819	75	1,07,668	58	71,738	5,068	3,22,39,596	4,722	3,76,25,170				
								(Excluding internal consumption of 285 MT)		(Excluding internal consumption of 485 MT)					
Ferric Alum (including Alum Liquor)	M.T.	138	6,27,890	136	9,70,044	-	-	78	5,92,769	1,346	65,35,106				
								(Excluding internal consumption of 58 MT)		(Excluding internal consumption of 133 MT)					
Sulphuric Acid (including Battery Grade)	M.T.	191	4,98,893	270	14,44,813	159	4,96,394	18,140	18,04,69,569	16,574	8,03,37,512				
								(Excluding internal consumption of 1110 MT)		(Excluding internal consumption of 987 MT)					
Purified Hydrogen Gas	M ³	5,838	63,524	6,897	90,783	7,587	78,905	817,682	1,50,77,696	577,343	1,03,40,160				
								(Excluding internal consumption of 510 M ³)		(Excluding internal consumption of 372 M ³)					
Others			82,51,800		2,22,26,744		3,84,55,266		43,32,54,862		67,29,50,228				
			<u>85,67,32,564</u>		<u>95,67,26,145</u>		<u>1,68,40,45,785</u>		<u>42,92,06,86,229</u>		<u>34,40,32,16,279</u>				

SCHEDULE 18 (Continued)

(3) Consumption of Raw Materials :

Manufacturing Section	Class of Materials	Unit	2008-2009		2007-2008	
			Quantity	Value @ Rs.	Quantity	Value Rs.
Cement - At Basantnagar	Limestone	M.T.	14,85,000	34,08,60,812	14,28,330	28,59,95,631
	Bauxite/ Laterite/ Hematite	M.T.	93,977	7,65,62,388	80,399	5,19,26,770
	Gypsum	M.T.	46,931	7,91,28,186	40,405	5,99,65,669
	Fly Ash	M.T.	3,02,966	5,48,82,031	2,36,640	3,89,40,355
At Sedam	Limestone	M.T.	47,67,475 #	39,11,97,993 #	43,40,850	35,86,98,255
	Bauxite/ Laterite/ Hematite	M.T.	2,96,702 #	13,94,44,574 #	2,58,332	10,83,87,255
	Gypsum	M.T.	1,26,023	23,62,28,299	1,13,792	17,75,48,834
	Fly Ash	M.T.	3,89,316	15,24,50,252	3,77,293	14,81,14,309
Rayon & Transparent Paper	Wood Pulp	M.T.	10,127	55,50,74,979	10,162	42,70,62,914
	Caustic Soda	M.T.	149	35,40,786	375	83,69,224
	Sulphur	M.T.	15,299	38,10,06,740	15,774	14,23,09,486
	Sundries			3,21,23,252		3,35,75,233
Spun Pipes & Foundries	Pig Iron	M.T.	2,528	7,49,00,406	28,418	53,90,03,564
	C I Scrap	M.T.	208	48,26,913	6,184	9,11,66,550
	Limestone	M.T.	267	24,91,281	3,036	41,53,665
	Hard Coke	M.T.	714	71,52,961	8,021	5,81,08,582
	Ferro Silicon	M.T.	35	23,90,911	545	2,46,57,691
	Sundries			3,20,821		69,38,720
Tyre	Natural Rubber	M.T.	48,968 #	5,76,95,15,020 #	37,746	3,67,05,39,960
	Synthetic Rubber	M.T.	11,378 #	1,81,34,69,337 #	10,471	1,05,19,29,912
	Carbon Black	M.T.	29,425 #	1,59,17,21,495 #	23,499	94,17,15,188
	Fabric	M.T.	13,294 #	2,86,93,59,093 #	9,780	1,67,47,42,395
	Other Chemicals and Sundries			1,94,27,53,771 #		1,26,16,33,671
Hindusthan Heavy Chemicals	Salt	M.T.	19,010	5,65,23,607	19,534	5,05,45,956
	Hydrated Lime (90%)	M.T.	188	10,27,147	149	7,57,025
	Sulphur	M.T.	6,206	23,04,88,456	5,913	5,86,05,969
	Bauxite	M.T.	-	-	609	12,06,877
	Sundries			39,21,897		30,87,800
				<u>16,81,33,63,408</u>		<u>11,27,96,87,460</u>

Excludes 37,968 MT (Rs. 41,60,041) of Limestone, 2,522 MT (Rs. 6,70,137) of Bauxite / Laterite, 68 MT (Rs. 76,27,245) of Natural Rubber, 14 MT (Rs. 21,93,939) of Synthetic Rubber, 40 MT (Rs. 22,58,796) of Carbon Black, 61 MT (Rs. 78,86,328) of Fabric and Rs. 73,52,576 other chemicals / sundries consumed during trial run period relating to Cement expansion and Green field Tyre project at Company's Vasavadatta Cement Unit and Birla Tyre Unit.

@ After considering related adjustment for sales value referred to in Schedule 14 of Accounts.

SCHEDULE 18 (Continued)

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

	2008-2009				2007-2008			
	Raw Materials @		Stores, Spare Parts & Components #		Raw Materials		Stores, Spare Parts & Components	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Imported	3,84,00,01,338	22.84	19,40,65,051	2.25	1,70,43,39,052	15.11	33,96,87,016	5.61
Indigenous	12,97,33,62,070	77.16	8,43,69,99,431 #	97.75	9,57,53,48,408	84.89	5,71,76,80,919	94.39
	<u>16,81,33,63,408 *</u>	<u>100.00</u>	<u>8,63,10,64,482 *</u>	<u>100.00</u>	<u>11,27,96,87,460</u>	<u>100.00</u>	<u>6,05,73,67,935 *</u>	<u>100.00</u>

@ excluding Rs. 3,21,49,062 (imported - Rs. 21,91,045, indigenous - Rs. 2,99,58,017) raw materials consumed during trial run period relating to cement expansion and green field tyre project at Company's Vasavadatta Cement Unit and Birla Tyres Unit.

excluding Rs. 6,165 consumed during trial run period relating to cement expansion project at Company's Vasavadatta Cement Unit.

* After considering related adjustment for sale value referred to in Schedule 14 & 15 of Accounts.

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

	2008-2009 Rs.	2007-2008 Rs.
Raw Materials	3,44,61,01,509	1,86,74,03,771
Components and Spare Parts (including Stores)	27,45,82,279	34,42,78,170
Capital Goods	1,62,42,74,022	41,16,86,408
	<u>5,34,49,57,810</u>	<u>2,62,33,68,349</u>

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

Technical Service Fees	1,26,38,239	13,72,987
Royalty	-	7,71,896
Brokerage and Discount	1,11,19,017	22,13,082
Interest	34,94,33,757	13,29,14,679
Miscellaneous (Travelling etc.)	2,70,79,023	2,24,11,737

(7) Earnings in Foreign Exchange during the year :

Exports (excluding export to Nepal and Bhutan) of goods [F.O. B. - Realisation basis]	2,54,16,71,323	1,98,00,75,065
---	----------------	----------------

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

Financial Year	On Account of	Number of non-resident Shareholders	Number of Shares held	Dividend
2008-2009	2007-2008 Final	1	70,41,875	3,87,30,313
	2008-2009 Interim	1	70,41,875	1,58,44,219
2007-2008	2006-2007	1	70,41,875	2,81,67,500

Signatures to Schedules 1 to 18

B. K. BIRLA *Chairman*

K.G. MAHESHWARI
B.P. BAJORIA
P.K. CHOKSEY
G.B. PANDE
AMITABHA GHOSH
P.K. MALLIK
MANJUSHREE KHAITAN

Directors

S. K. PARIK
Director & Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	For the year ended 31st March, 2009 Rs.	For the year ended 31st March, 2008 Rs.
A Cash Flow from Operating Activities		
Net Profit Before Tax	4,09,11,43,051	5,52,53,19,947
Adjustment for :		
Depreciation	1,11,85,61,067	89,26,89,256
(Profit)/Loss on Fixed Assets sold/discarded (net)	(3,35,17,858)	49,23,927
Profit on sale of Long Term Investments (other than trade)	(36,14,099)	-
(Profit)/Loss on sale of Current Investments (other than trade) (net)	(76,319)	1,17,692
Income from Long Term Investments (other than trade)	(4,72,50,844)	(2,37,14,012)
Dividend from Current Investments (other than trade)	(19,43,811)	(1,18,67,417)
Borrowing Cost [including interest Rs. 1,20,87,21,809 (Previous Year Rs. 54,05,74,591)] paid /payable on loans	1,29,59,66,293	57,93,96,015
Interest received/receivable on loans etc.	(83,89,262)	(41,00,951)
Provision for doubtful debts	5,28,089	-
Debts/Advances/Deposits written off	7,22,15,354	6,13,69,241
Long Term Investments (other than trade) written off	13,000	-
Liabilities no longer required written back	(4,64,64,863)	(16,87,685)
Unrealised Loss on derivative contracts	10,91,66,989	-
Unrealised loss on foreign currency fluctuation (net)	10,63,09,576	98,15,457
Operating profit before working capital changes	6,65,26,46,363	7,03,22,61,470
Adjustments for :		
Inventories	(1,46,89,11,160)	(65,28,74,033)
Trade and other receivables	(1,06,06,80,673)	(1,32,16,70,949)
Trade payables	42,27,51,290	75,95,56,864
Cash generated from operations	4,54,58,05,820	5,81,72,73,352
Direct Taxes Paid (net of refund)	(84,31,62,185)	(1,32,86,85,603)
Net cash from operating activities	3,70,26,43,635	4,48,85,87,749
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(9,89,08,18,749)	(6,87,98,92,518)
Proceeds from sale of Fixed Assets	5,02,30,352	95,43,259
Proceeds from sale of Refractories Unit (sold in 2004-05)	-	80,00,000
Purchase of Long Term Investments(other than trade) {2008-09: including Rs.12,60,00,000 paid for acquisition of subsidiary}	(14,17,70,160)	(18,95,38,830)
Purchase of Current Investments (other than trade)	(2,60,69,43,811)	(5,81,42,88,370)
Proceeds from sale of Current Investments (other than trade)	2,60,70,20,130	5,81,41,70,678
Proceeds from sale/redemption of Long Term Investments (other than trade)	58,28,400	-
Income from Long Term Investments (other than trade)	4,72,50,844	2,37,14,012
Dividend from Current Investments (other than trade)	19,43,811	1,18,67,417
Loans given	(44,00,00,000)	(3,05,00,000)
Realisation of Loans given	1,52,00,000	51,51,875
Interest received on loans deposits etc.	49,17,237	22,87,176
Net cash used in investing activities	(10,34,71,41,946)	(7,03,94,85,301)

CASH FLOW STATEMENT (Contd.)

	For the year ended 31st March,2009 Rs.	For the year ended 31st March,2008 Rs.
C. Cash Flow from Financing Activities		
Allotment money realised (including Securities Premium)	-	180
Proceeds from -		
Long-term borrowings	11,11,58,77,507	5,08,25,85,400
Short-term borrowings	69,25,45,39,180	30,23,66,30,654
Unclaimed debentures paid/transferred	(2,53,82,188)	(21,75,409)
Repayment of -		
Long-term borrowings	(2,67,45,73,561)	(2,79,05,39,140)
Short-term borrowings	(68,02,19,57,779)	(29,15,29,53,588)
Increase/(Decrease) in cash credit and overdrafts from banks	(81,52,49,830)	2,67,08,397
Borrowing Cost [including interest Rs.1,39,15,13,827 (Previous Year Rs. 59,52,02,132)] paid	(1,61,50,42,037)	(70,28,22,259)
Dividends Paid during the year (2008-09 – including taxes thereon)	(41,05,81,720)	(1,35,37,691)
Net Cash from financing activities	6,80,76,29,572	2,68,38,96,544
Net Increase in Cash and Cash Equivalents	16,31,31,261	13,29,98,992
Opening Cash and Cash Equivalents	40,54,21,333	27,24,22,341
Closing Cash and Cash Equivalents (Note 2)	56,85,52,594	40,54,21,333

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,2009 Rs.	31st March,2008 Rs.
2. Cash and Cash Equivalents comprise :		
Cash in Hand	83,38,292	71,54,975
With Scheduled Banks on -		
Current Account	54,25,66,016	38,58,28,300
Unpaid Dividend Account	1,48,12,098	1,06,52,777
Term Deposit Account	28,31,188	17,80,281
With Post Office Savings Account	5,000	5,000
	56,85,52,594	40,54,21,333

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

Kolkata,
2nd May, 2009.

(S.K. DEB)
Partner
Membership No. 13390
For and on behalf of
Price Waterhouse
Chartered Accountants

S. K. PARIK
Director & Secretary

B. K. BIRLA

Chairman

K.G. MAHESHWARI
B.P. BAJORIA
P.K. CHOKSEY
G.B. PANDE
AMITABHA GHOSH
P.K. MALLIK
MANJUSHREE KHAITAN

Directors

Information pursuant to Part IV of Schedule VI to the Companies Act, 1956: Balance Sheet abstract and Company's General Business Profile

1.	Registration Details	
	Registration Number	3429
	State Code	21
	Balance Sheet Date	31st March, 2009
		(Amount in Rs. Thousands)
2.	Capital raised during the year	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
3.	Position of mobilisation and deployment of funds	
	Total Liabilities [excluding shareholders funds and including Deferred tax liability (Net) Rs.12,61,475 thousands]	2,97,64,654
	Total Assets (excluding Deferred tax assets)	4,30,65,703
	Sources of Funds	
	Paid up Capital	4,57,416
	Reserves & Surplus	1,28,43,634
	Secured Loan	1,53,62,690
	Unsecured Loan	60,56,501
	Application of Funds	
	Net Fixed Assets	2,66,92,000
	Investments	6,17,810
	Current Assets (net of current liabilities and provisions Rs.70,83,988 thousands)	86,71,905
	Miscellaneous Expenditure	Nil
	Accumulated Losses	Nil
4.	Performance of the Company	
	Turnover (including other income)	3,95,36,619
	Total Expenditure	3,54,45,476
	Profit before Tax	40,91,143
	Profit after Tax	37,87,410
	Earnings Per Share (Rs.)	82.80
	Interim Dividend Rate [%] [on Ordinary Shares]	2.25%
	Dividend Rate (%) [on Ordinary Shares]	3.25%
5.	Generic Names of principal products, services of the Company (as per monetary terms)	
	(i) Item Code No.	324101000.00
	Product Description	Portland Cement
	(ii) Item Code No.	540331.00
	Product Description	Artificial Filament Viscose Rayon Yarn
	(iii) Item Code No.	401120.00
	Product Description	Automobile Tyres (for bus & lorry)
	(iv) Item Code No.	401310.02
	Product Description	Automobile Tubes (for bus & lorry)
	(v) Item Code No.	401290.04
	Product Description	Automobile Flaps (for bus & lorry)

B. K. BIRLA

Chairman

K.G. MAHESHWARI
B.P. BAJORIA
P.K. CHOKSEY
G.B. PANDE
AMITABHA GHOSH
P.K. MALLIK
MANJUSHREE KHAITAN

Directors

S. K. PARIK
Director & Secretary

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH, 2009**

Dear Member,

Your Directors have pleasure in presenting the third Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

During the year under review the Company has incurred a loss of Rs.3,91,017, which is added to the brought forward debit balance of Rs.13,97,353 and Rs.17,88,370 being the total deficit is carried to the Balance Sheet.

DIVIDEND

In view of the financial state of affairs of the company, your Directors do not recommend any dividend for the year.

AMALGAMATION

The amalgamation of the company was proposed by the Directors with its holding company, Kesoram Industries Limited and the same has been approved by its member in a meeting held on 23rd April, 2009 in terms of the order dated 18.03.2009 of the Hon'ble High Court at Calcutta.

FIXED DEPOSIT FROM THE PUBLIC

The company has not accepted any fixed deposit during the year under review.

AUDITORS' REPORT

As regards paragraph 4(f) of the Auditors' Report is concerned, the note no. 5 of the Schedule 13 on Notes on Accounts is self-explanatory, as such requires no further explanation.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed by the Company;
- ii. appropriate Accounting Policies, as mentioned in Schedule 13, have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit of the Company for the financial year ended on that date;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the annual accounts have been prepared on a going concern basis.

PARTICULARS OF THE EMPLOYEES

The particulars as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable, as such, no statement in this regard is annexed.

CASH FLOW ANALYSIS

The cash flow statement for the year under reference is annexed hereto.

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The conservation of energy and technology absorption are hereby hardly of any significance for the company since, as of now, it is a small establishment of real estate development etc. There was no foreign exchange earnings or outgo during the year.

AUDITORS

M/s. S. M. Daga & Co., Chartered Accountants, the Auditors of the Company, will hold office till the conclusion of the ensuing Annual General Meeting of the company. The Directors, however, recommend their re-appointment.

APPRECIATION

Your Directors wish to place on record the valuable co-operation & support received from the Banks, the Government of India, the State Governments and the local authorities.

We would also like to express sincere thanks to our Shareholder for their confidence and understanding.

Suresh Kumar Sharma
Anoj Kumar Agarwal

Directors

Regd. Office:

9/1, R. N. Mukherjee Road

Kolkata 700 001

Dated, the 25th day of April, 2009

AUDITORS' REPORT

TO THE MEMBERS OF BULLAND BUILDMART PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **BULLAND BUILDMART PRIVATE LIMITED** as at 31st March, 2009 and related Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with 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 (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of section 227(4A) 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 further report that :
 - 3.1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets of the company have 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) During the year no fixed assets have been disposed off by the Company.
- 3.2. The Company has neither granted nor taken during the year any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- 3.3. In our opinion and according to information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for purchase of fixed assets. In our opinion, there is no continuing failure to correct major weaknesses in the internal control system.
- 3.4. 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 where applicable.
- 3.5. The Company has not accepted any deposit from public.
- 3.6. In our opinion, the Company has an Internal Audit System commensurate with its size and nature of its business.
- 3.7. (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, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, no undisputed amount payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at 31st March, 2009 is outstanding for a period of more than six months from the date they became payable.
- 3.8. 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.
- 3.9. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 3.10. The provisions of any special state applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

- 3.11. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
 - 3.12. 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.
 - 3.13. In our opinion and according to the information and explanations given to us, on all overall basis, the term loans have been applied for the purposes for which they were obtained.
 - 3.14. 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.
 - 3.15. The company has not made any preferential allotment of shares during the year.
 - 3.16. The Company has not issued any debentures during the year.
 - 3.17. The Company has not raised any money by public issues.
 - 3.18. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
 - 3.19. Other provisions of aforesaid order are not applicable to the Company during the year under audit.
4. Further to our comments in paragraph 3 above, we report that -
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of section 274(1)(g) 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: *Subject to Note No. 5 of Schedule 13 regarding change in method of accounting in respect of written off of preliminary expenses in one year instead of 10 years followed heitherto due to which loss for the year is overstated by Rs.96,600/- having resultant impact on balance in Profit & Loss Account –*
read together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2009;
 - (ii) In the case of the Profit & Loss Account, its 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.

For **S. M. DAGA & CO.**
CHARTERED ACCOUNTANTS

11, CLIVE ROW, KOLKATA – 700 001
DATED, THE 25th DAY OF APRIL, 2009.

(**M. R. DAGA**)
PARTNER
Membership No. 13625

BULLAND BUILDMART PVT. LTD.

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31st March, 2009		As at 31st March, 2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHARE HOLDERS' FUND					
Share Capital	1	21,00,000		21,00,000	
Reserves & Surplus	2	<u>15,47,40,380</u>	<u>15,68,40,380</u>	-	<u>21,00,000</u>
LOAN FUNDS					
Secured Loans	3		-		21,85,36,384
Unsecured Loans	4		<u>41,50,00,000</u>		-
			<u>57,18,40,380</u>		<u>22,06,36,384</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5		57,00,00,000		-
CURRENT ASSETS, LOANS & ADVANCES					
A. Current Assets					
Stock - In - Trade	6	-		40,37,62,870	
Cash & Bank Balances	7	73,935		13,44,664	
Loans & Advances	8	<u>24,635</u>		<u>5,10,90,675</u>	
		<u>98,570</u>		<u>45,61,98,209</u>	
B. Current Liabilities & Provisions					
Current Liabilities	9	22,060		23,70,48,578	
Provisions	10	<u>24,500</u>		<u>21,000</u>	
		<u>46,560</u>		<u>23,70,69,578</u>	
Net Current Assets (A - B)			52,010		21,91,28,631
MISCELLANEOUS EXPENDITURE	11		--		1,10,400
PROFIT & LOSS ACCOUNT			17,88,370		13,97,353
			<u>57,18,40,380</u>		<u>22,06,36,384</u>
NOTES ON ACCOUNTS					
	13				

As per our Report Annexed
For S. M. DAGA & CO.
CHARTERED ACCOUNTANTS

Suresh Kumar Sharma
Anoj Kumar Agarwal
DIRECTORS

11, CLIVE ROW, KOLKATA - 700 001
DATED, THE 25th DAY OF APRIL, 2009.

(M. R. DAGA)
PARTNER
Membership No. 13625

ANNUAL REPORT & ACCOUNTS 2008-09

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	For the year ended 31st March, 2009 Rs.	For the year ended 31st March, 2008 Rs.
INCOME			
Closing Stock		-	40,37,62,870
Transferred to Fixed Assets		40,37,62,870	-
		<u>40,37,62,870</u>	<u>40,37,62,870</u>
EXPENDITURE			
Opening Stock		40,37,62,870	27,23,38,541
Purchase		-	1,89,47,883
Administrative & selling Expenses	12	2,77,117	7,05,535
Development Cost		-	11,24,76,446
Preliminary Expenses Written Off		1,10,400	13,800
		<u>40,41,50,387</u>	<u>40,44,82,205</u>
LOSS BEFORE TAXATION		3,87,517	7,19,335
Add : Provision for Taxation			
Fringe Benefit Tax		<u>3,500</u>	<u>21,000</u>
LOSS AFTER TAXATION		3,91,017	7,40,335
Add: Debit Balance brought forward from last Account		<u>13,97,353</u>	<u>6,57,018</u>
Debit Balance Carried to Balance Sheet		<u>17,88,370</u>	<u>13,97,353</u>
NOTES ON ACCOUNTS	13		

As per our Report Annexed
For S. M. DAGA & CO.
CHARTERED ACCOUNTANTS

Suresh Kumar Sharma
Anoj Kumar Agarwal

DIRECTORS

11, CLIVE ROW, CALCUTTA - 700 001.
DATED, THE 25th DAY OF APRIL, 2009.

(M. R. DAGA)
PARTNER
Membership No. 13625

BULLAND BUILDMART PVT. LTD.

SCHEDULE 1

	As at 31st March,2009 Rs.	As at 31st March, 2008 Rs.
SHARE CAPITAL		
Authorised		
500000 Equity shares of Rs. 10/- each	50,00,000	50,00,000
Issued Subscribed & Paid Up		
210000 Equity shares of Rs. 10/- each fully paid up in cash	21,00,000	21,00,000
NOTE: Entire Share Capital is held by holding company Kesoram Industries Ltd. and its nominee.	21,00,000	21,00,000

SCHEDULE 2

RESERVES & SURPLUS

Revaluation Reserve	15,47,40,380	-
	15,47,40,380	-

SCHEDULE 3

SECURED LOANS

Term Loan		
State Bank Of Indore	-	9,18,36,384
(Secured by Equitable Mortgage of Land)		
State Bank Of Mysore	-	12,67,00,000
(Secured by Equitable Mortgage of Land)	-	21,85,36,384

SCHEDULE 4

UNSECURED LOANS

(Free of Interest)		
Kesoram Industries Ltd. - Holding Company	41,50,00,000	-
	41,50,00,000	-

SCHEDULE - 5

	G R O S S B L O C K				N E T B L O C K	
FIXED ASSETS	Transferred from Stock -In-Trade Rs.	Addition during the year Rs.	Amount Added on Revaluation Rs.	Total As at 31st March, 2009 Rs.	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
LAND	40,37,62,870	1,14,96,750	15,47,40,380	57,00,00,000	57,00,00,000	-
	40,37,62,870	1,14,96,750	15,47,40,380	57,00,00,000	57,00,00,000	-
PREVIOUS YEAR	-	-	-	-	-	-

SCHEDULE 6

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
STOCK- IN - TRADE		
Land	-	26,50,52,340
Land Development Cost	-	13,87,10,530
	-	40,37,62,870

SCHEDULE 7

CASH & BANK BALANCES

Cash in hand (As certified)	63,935	75,134
Balance with scheduled bank		
In Current account	10,000	12,69,530
	73,935	13,44,664

SCHEDULE 8

LOANS & ADVANCES

Advances (recoverable in cash or in kind or for value to be received or adjusted)		
To sundry parties	-	5,10,90,675
Advance Fringe Benfit Tax	24,635	-
	24,635	5,10,90,675

SCHEDULE 9

CURRENT LIABILITIES

Sundry Creditors*	22,060	19,48,578
Advance from customers	-	23,51,00,000
	22,060	23,70,48,578

* There are no outstanding dues of micro enterprises and small enterprises as per information available with the company.

SCHEDULE 10

PROVISIONS

For Fringe Benefit Tax	24,500	21,000
	24,500	21,000

SCHEDULE 11

MISCELLANEOUS EXPENDITURE

Preliminary Expenses	1,10,400	1,24,200
Less : Amount Written Off	1,10,400	13,800
	-	1,10,400

SCHEDULE 12

ADMINISTRATIVE & SELLING EXPENSES

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
Salary & Bonus & Exgratia	79,683	-
Rent (including electric charges)	21,301	70,928
Rates & Taxes	-	3,000
Staff Welfare Expenses	-	1,155
Registration Fees	-	23,180
Travelling & Conveyance Charges	89,754	2,53,818
Printing & Stationery	1,648	25,559
Security Charges	7,000	27,491
General Expenses	9,680	44,441
Telephone Expenses	-	15,948
Filing Fees	11,141	3,050
Legal & Professional Charges	-	1,80,785
Bank Charges	34,850	-
Auditor's remuneration:		
As Audit Fees	22,060	56,180
	<u>2,77,117</u>	<u>7,05,535</u>

SCHEDULE - 13

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared on historical cost convention (other than revaluation of Fixed Assets) and in compliance with all applicable accounting principles in India, the applicable Accounting Standards notified under section 211 (3c) of the Companies Act, 1956 and relevant provisions of the Companies Act.

B. FIXED ASSETS

Land and Land Development cost is stated at valuation made by Professional valuers as on 30th September 2008.

C. TAXATION

Current Tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is provided/ recognised on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period subject to consideration of prudence.

D. RECOGNITION OF INCOME AND EXPENSES

Items of Income and expenses are recognised in these account on accrual basis.

E. EMPLOYEE BENEFITS

- Short Term employee benefits are recognised in the period in which employee render the related services.
- No post employment benefits and other long term benefits are payable to any employee.

F. MISCELLANEOUS EXPENDITURE

Preliminary expenses have been fully written off during the year.

2. Land was revalued on 30.09.2008 at lower of current replacement cost and realisable value based on revaluation report issued by professional valuers and resultant incremental value of Rs.15,47,40,380 has been added to fixed assets with corresponding credit to Revaluation Reserve Account.
3. The company has becomes 100 % Subsidiary of Kesoram Industries Ltd. with effect from 01.07.2008.
4. Schedule 1 to 13 form part of accounts for the period ended 31st March, 2009
5. Till last year preliminary expenses were written off over a period of 10 years. However, in keeping with provisions of Accounting Standard (AS) 26 issued by Central Government, a sum of Rs.1,10,400 has been written off to Profit & Loss Account during the year.
6. Additional information pursuence to provision of paragraph 4 C and 4D of Part II of Schedule VI to the Companies Act, 1956.

	31st March, 2009 Rs.	31st March, 2008 Rs.
a) Opening Stock		
Land & Land Development cost	40,37,62,870	27,23,38,541
b.) Tranferred to Fixed Assets		
Land & Land Development cost	40,37,62,870	
c) Purchase (including development cost)	-	13,14,24,329
7. Related Party Disclosures:		
i) List of related Parties:		
Holding Company		
Kesoram Industries Ltd.		
ii) Transactions:		
Loan Taken	41,50,00,000	-
iii) Balance outstanding as on		
Loan taken	41,50,00,000	-
8. Earning Per Share:		
No. of Equity Shares outstanding	2,10,000	210000
Nominal value of each equity share(Rs.)	10	10
Profit after Taxation	-3,91,017	-719335
Earning per share (Basic & Diluted) (Rs.)	-1.86	-3.43

9. Figures for Previous Year have been regrouped/rearranged wherever necessary.

As per our Report Annexed
For S. M. DAGA & CO.
CHARTERED ACCOUNTANTS

Suresh Kumar Sharma
Anoj Kumar Agarwal

DIRECTORS

11, CLIVE ROW, CALCUTTA - 700 001.
DATED, THE 25th DAY OF APRIL, 2009.

(M. R. DAGA)
PARTNER
Membership No. 13625

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
A. Cash flow from operating activities :		
Net Profit Before Tax	-3,87,517	-7,19,335
Adjustment for :		
Preliminary expenses written off	1,10,400	13,800
Operating profit before working capital changes	-2,77,117	-7,05,535
Adjustment for :		
Inventories	40,37,62,870	-13,08,91,261
Trade and other receivables	5,10,66,040	-3,63,53,873
Trade payables	-23,70,26,518	-5,14,45,130
Cash generated from operations	21,75,25,275	-21,93,95,799
Net cash from operating activities	21,75,25,275	-21,93,95,799
B. Cash flow from investing activities :		
Purchase of fixed assets	-1,14,96,750	-
Stock in trade transferred to fixed assets	-40,37,62,870	-
Net Cash used in Investing activities	-41,52,59,620	-
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	41,50,00,000	21,85,36,384
Repayment of Long Term Borrowings	-21,85,36,384	-
Net cash from Financing Activities	19,64,63,616	21,85,36,384
Net increase in Cash and Cash Equivalents	-12,70,729	-8,59,415
Opening Cash and Cash Equivalents	13,44,664	22,04,079
Closing Cash and Cash Equivalents	73,935	13,44,664

As per our Report Annexed
For S. M. DAGA & CO.
CHARTERED ACCOUNTANTS

Suresh Kumar Sharma
Anoj Kumar Agarwal

DIRECTORS

11, CLIVE ROW, CALCUTTA - 700 001.
DATED, THE 25th DAY OF APRIL, 2009.

(M. R. DAGA)
PARTNER
Membership No. 13625

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF KESORAM INDUSTRIES LIMITED

1. We have audited the attached consolidated balance sheet of Kesoram Industries Limited and its subsidiary (the Group) as at 31st March, 2009 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of Kesoram Industries Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated 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. We did not audit the financial statements of subsidiary, whose financial statements reflect the Group's share of total assets of Rs.57,00,98,570 as at 31st March, 2009 and the cash flows amounting to Rs. (-)1,9,57,075 for the period then ended. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion is based solely on the report of other auditor.
4. We report that the consolidated financial statements have been prepared by Kesoram Industries Limited's management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' prescribed under the Companies Act, 1956 of India.
5. Based on our audit and on consideration of the report of other auditor referred to in Paragraph 3 above on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March, 2009;
 - (b) in the case of the consolidated profit and loss account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

Kolkata,
2nd May, 2009

(S.K. Deb)
Partner
Membership No. 13390
For and on behalf of
Price Waterhouse
Chartered Accountant

KESORAM INDUSTRIES LIMITED and its SUBSIDIARY

Consolidated Balance Sheet as at 31st March, 2009

	Schedule	31st March, 2009	
		Rs.	Rs.
I. SOURCES OF FUNDS			
(1) SHAREHOLDERS' FUNDS			
(a) Capital	1	45,74,16,395	
(b) Reserves and Surplus	2	12,99,82,82,586	13,45,56,98,981
(2) LOAN FUNDS			
(a) Secured Loans	3	15,36,26,89,794	
(b) Unsecured Loans	4	6,05,65,00,732	21,41,91,90,526
DEFERRED TAX LIABILITY (NET)			1,26,14,75,335
[Note 7 on Schedule 17]			
			<u>36,13,63,64,842</u>
II. APPLICATION OF FUNDS			
(1) FIXED ASSETS	5		
(a) Gross Block		27,87,12,64,656	
(b) Less: Depreciation		9,13,21,93,666	
(c) Net Block		18,73,90,70,990	
(d) Capital Work-in-Progress		8,64,85,27,277	27,38,75,98,267
(2) INVESTMENTS	6		49,18,09,596
(3) CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	7	5,89,06,12,970	
(b) Sundry Debtors	8	3,80,17,05,637	
(c) Cash and Bank Balances	9	56,86,26,529	
(d) Other Current Assets	10	22,36,41,866	
(e) Loans and Advances	11	4,85,63,80,085	
		<u>15,34,09,67,087</u>	
Less: CURRENT LIABILITIES AND PROVISIONS	12		
(a) Current Liabilities		3,63,11,47,721	
(b) Provisions		3,45,28,62,387	
		<u>7,08,40,10,108</u>	
Net Current Assets			8,25,69,56,979
			<u>36,13,63,64,842</u>

Notes on the Accounts

17

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.
This is the Consolidated Balance Sheet referred to in our report of even date.

Kolkata, 2 nd May, 2009.	(S.K. DEB) Partner Membership No. 13390 For and on behalf of Price Waterhouse Chartered Accountants	S. K. PARIK Director & Secretary	B. K. BIRLA	Chairman
			K.G. MAHESHWARI B.P. BAJORIA P.K. CHOKSEY G.B. PANDE AMITABHA GHOSH P.K. MALLIK MANJUSHREE KHAITAN	Directors

ANNUAL REPORT & ACCOUNTS 2008-09

Consolidated Profit and Loss Account for the year ended 31st March, 2009

	Schedule	2008-2009	
		Rs.	Rs.
INCOME			
Sales		42,92,06,86,229	
Less: Excise Duty		4,14,34,65,940	
Net Sales			38,77,72,20,289
Other Income	13		75,93,98,846
			<u>39,53,66,19,135</u>
EXPENDITURE			
Raw Materials and Finished Goods	14		16,53,51,71,038
Manufacturing, Selling and Administrative Expenses	15		16,58,31,12,714
Depreciation		1,13,05,95,945	
Less: Transfer from Capital Reserve- Revaluation of Fixed Assets [Note 1(b) (iv) on Schedule 17]		<u>1,20,34,878</u>	
Interest	16		1,11,85,61,067
			<u>1,20,87,21,809</u>
			<u>35,44,55,66,628</u>
PROFIT BEFORE TAXATION			4,09,10,52,507
Provision for Current Taxation [Note 13 on Schedule 17]			45,00,00,000
Provision for Deffered Tax (credit)			(16,62,66,850)
Provision for Fringe Benefit Tax			2,00,00,000
PROFIT AFTER TAXATION			<u>3,78,73,19,357</u>
Transfer to Debenture Redemption Reserve [Schedule 2]			(25,00,00,000)
PROFIT AVAILABLE FOR APPROPRIATION			3,53,73,19,357
APPROPRIATIONS			
Proposed Dividend		14,86,65,784	
Tax on Proposed Dividend		2,52,65,750	
Interim Dividend		10,29,22,466	
Tax on Interim Dividend		1,74,91,673	
General Reserve		<u>44,78,16,845</u>	74,21,62,518
Balance carried to Schedule 2			<u>2,79,51,56,839</u>
Earnings per Share (Basic and Diluted) [Note 21 on Schedule 17]			82.80
Notes on the Accounts	17		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.
This is the Consolidated Profit and Loss Account referred to in our report of even date.

Kolkata, 2 nd May, 2009.	(S.K. DEB) Partner Membership No. 13390 For and on behalf of Price Waterhouse Chartered Accountants	S. K. PARIK Director & Secretary	B. K. BIRLA	Chairman
			K.G. MAHESHWARI B.P. BAJORIA P.K. CHOKSEY G.B. PANDE AMITABHA GHOSH P.K. MALLIK MANJUSHREE KHAITAN	Directors

KESORAM INDUSTRIES LIMITED and its SUBSIDIARY

SCHEDULE 1

CAPITAL

31st March, 2009
Rs.

AUTHORISED

50,00,000	Redeemable Cumulative Preference Shares of Rs. 100 each	50,00,00,000
4,00,000	Redeemable Cumulative Second Preference Shares of Rs. 100 each	4,00,00,000
6,60,00,000	Ordinary Shares of Rs. 10 each	66,00,00,000
		<u>1,20,00,00,000</u>

ISSUED, SUBSCRIBED AND PAID-UP

4,57,43,318	Ordinary Shares of Rs. 10 each fully paid up	45,74,33,180
-------------	--	--------------

Of the above :-

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

Less: Allotment Money receivable

16,785

45,74,16,395

SCHEDULE 2

RESERVES AND SURPLUS

	Balance as at 1st April, 2008	Additions	Deductions	Balance as at 31st March, 2009
	Rs.	Rs.	Rs.	Rs.
CAPITAL RESERVES				
Revaluation of Fixed Assets	5,32,50,907	15,47,40,380 (a)	1,20,34,967 (b)	19,59,56,320
Development Grant/ Subsidy	40,60,625	-	-	40,60,625
CAPITAL REDEMPTION RESERVE	3,58,81,176	-	-	3,58,81,176
DEBENTURE REDEMPTION RESERVE	-	25,00,00,000 (c)	-	25,00,00,000
SHARE BUY BACK RESERVE	7,00,73,060	-	-	7,00,73,060
REVENUE RESERVES				
General	1,55,13,73,155	44,86,26,845 (d)	-	2,00,00,00,000
Doubtful Debts & Contingencies	20,00,000	-	-	20,00,000
	<u>1,71,66,38,923</u>	<u>85,33,67,225</u>	<u>1,20,34,967</u>	<u>2,55,79,71,181</u>
Profit and Loss Account	<u>7,64,51,54,566</u>	<u>2,79,51,56,839</u>	-	<u>10,44,03,11,405</u>
	<u>9,36,17,93,489</u>			<u>12,99,82,82,586</u>

(a) Refer Note 18 on Schedule 17

(b) Comprising -

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

1,20,34,878

89

1,20,34,967

(c) Refer Note 17 on Schedule 17.

(d) Including Rs. 8,10,000 referred to in Note 19 on Schedule 17.

SCHEDULE 3

SECURED LOANS

Nature of Loans	Nature of Security	31st March, 2009 Rs.
I. 13% Redeemable Non-Convertible Debentures [Note 17 on Schedule 17]	First charge by way of hypothecation/mortgage on all the present and future current assets (save and except book debts and current assets hypothecated to banks in the ordinary course of business for working capital requirement) and movable/ immovable properties (including mortgage to be created on immovable properties at Uttarakhand of Parent Company's Tyre Unit) of all Units of the Parent Company on pari passu basis with other lenders.	1,00,00,00,000
II. Term Loans from - State Bank of India	Hypothecation/ mortgage charge over all the immovable and movable properties (including charge to be created on properties at Uttarakhand of Parent Company's Tyre Unit) both present and future of all the Units of the Parent Company ranking pari passu with the existing charges save and except assets exclusively charged to others for specific loans.	2,86,57,90,400
Interest accrued and due - ICICI Bank Limited	First pari passu charge on both present and future movable fixed assets of Cement expansion project under construction at Vasavadatta Cement Unit by way of hypothecation and first pari passu charge of mortgage over both present and future immovable fixed assets of Vasavadatta Cement Unit of the Parent Company.	10,37,246
- State Bank of India	Hypothecation/mortgage over all the movable/immovable assets (including mortgage on all immovable assets of all the Units of the Parent Company and hypothecation of movable assets of the Parent Company's Spun Pipes & Foundries Unit to be created) both present and future of all the Units of the Parent Company ranking pari passu with the existing charges save and except assets exclusively charged to others for specific loans.	2,00,00,00,000
Interest accrued and due - State Bank of India	Hypothecation over all movable properties and first pari passu charge on immovable properties, both present and future, of all the Units of the Parent Company.	36,46,575
Interest accrued and due - State Bank of India	Hypothecation/mortgage over all the movable/immovable assets (including mortgage on all immovable assets of all the Units of the Parent Company to be created) both present and future of all the Units of the Parent Company ranking pari passu with the existing charges save and except assets exclusively charged to others for specific loans.	1,03,14,398
Interest accrued and due - State Bank of Hyderabad	Hypothecation over all movable properties and first pari passu charge on immovable properties, both present and future, of all the Units of the Parent Company.	24,40,00,000
Carried over		10,97,34,52,190

SCHEDULE 3 (Cont.)

	Brought forward	10,97,34,52,190
- State Bank of Bikaner & Jaipur	Hypothecation over all movable properties and first pari passu charge on immovable properties, both present and future, of all the Units of the Parent Company.	8,16,00,000
- State Bank of Indore	Hypothecation over all movable properties and first pari passu charge on immovable properties, both present and future, of all the Units of the Parent Company.	16,28,00,000
- State Bank Mysore	Hypothecation over all movable properties and first pari passu charge on immovable properties, both present and future, of all the Units of the Parent Company.	6,10,80,000
- Standard Chartered Bank	First pari passu charge by way of hypothecation over all movable assets, both present and future of the Parent Company and first pari passu charge by way of mortgage over all immovable properties (including charge to be created on assets at Uttarakhand of Parent Company's Tyre Unit) both present and future, of all the Units of the Parent Company.	92,98,00,000
- Standard Chartered Bank	First pari passu charge by way of hypothecation/mortgage over all movable/immovable properties (including charge to be created on immovable properties at Uttarakhand of Parent Company's Tyre Unit) both present and future, of all the Units of the Parent Company.	48,30,51,041
III. From Scheduled Banks		
- Foreign Currency Non Repatriable Loan		1,03,29,25,000
- Working Capital Demand Loan	Hypothecation of current assets and second charge on movable and immovable fixed assets, both present and future of the Parent Company.	50,00,00,000
Interest accrued and due		17,21,841
- Overdraft / Cash Credit		20,48,93,588
Interest accrued and due		19,565
- Packing Credit Loan		93,13,46,569
		15,36,26,89,794

SCHEDULE 4
UNSECURED LOANS

	31st March,2009
	Rs.
Fixed Deposits	1,90,07,000
Security deposits from Selling Agents and others	1,71,48,68,536
Interest accrued and due	5,67,27,963
Short Term Loans	
- from banks	1,23,54,89,858
- Temporary bank overdraft	3,00,77,238
Other Loans*	
- from banks	1,00,00,00,000
Interest accrued and due	3,30,137
- from Others	2,00,00,00,000
	6,05,65,00,732

*Repayable within one year from the Balance Sheet date if put/call option is exercised by the Company/lender in keeping with the terms of the related agreements.

SCHEDULE 5
FIXED ASSETS

	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	Cost / Valuation as at 1st April, 2008	On Acquisition of Subsidiary on 1st July 2008[Note 2 (b) on Schedule 17]	Additions/ Adjustments	Deletions/ Adjustments	Cost/ Valuation as at 31st March, 2009 [Note 1(b) (i) and 1 (b) (ii) on Schedule 17]	As at 31st March, 2008	For the year	On Deletions/ Adjustments during the year	As at 31st March, 2009	As at 31st March, 2009
Goodwill on Consolidation	-	12,55,97,826	-	-	12,55,97,826	-	-	-	-	12,55,97,826
Freehold Land	67,62,61,973	41,35,06,020	17,25,55,173 (d)	33,42,632	1,25,89,80,534	-	-	-	-	1,25,89,80,534
Leasehold Land	59,69,894	-	-	-	59,69,894	58,74,309	7,752	-	58,82,061	87,833
Buildings	1,19,38,49,559	-	2,09,26,87,955	48,46,200	3,28,16,91,314	32,40,38,807	6,29,43,311	8,63,276	38,61,18,842	2,89,55,72,472
Railway Siding	8,62,61,122	-	-	-	8,62,61,122	4,07,23,320	29,54,518	-	4,36,77,838	4,25,83,284
Plant and Machinery	16,72,44,26,742	-	6,11,45,21,540	10,22,92,955	22,73,66,55,327	7,60,47,35,771	1,02,96,52,468	9,71,64,001	8,53,72,24,238	14,19,94,31,089
Furniture, Fixture and Office Equipments	20,17,80,391	-	10,76,70,997	1,18,85,714	29,75,65,674	11,57,42,753	2,89,28,346	1,01,96,736	13,44,74,363	16,30,91,311
Vehicles etc.	6,53,40,108	-	1,72,41,197	47,24,234	7,78,57,071	2,09,10,913	61,09,550	22,04,139	2,48,16,324	5,30,40,747
Livestock	5,49,602	-	1,85,292	49,000	6,85,894	-	-	-	-	685,894
	<u>18,95,44,39,391</u>	<u>53,91,03,846</u>	<u>8,50,48,62,154 (a)</u>	<u>12,71,40,735</u>	<u>27,87,12,64,656 (b)</u>	<u>8,11,20,25,873</u>	<u>1,13,05,95,945</u>	<u>11,04,28,152</u>	<u>9,13,21,93,666</u>	<u>18,73,90,70,990</u>
Capital Work-in-progress (including Capital Advances - Unsecured Considered Good)										<u>8,64,85,27,277 (c)</u>
										<u>27,38,75,98,267</u>

- (a) Including -
(i) Rs. 14,67,69,056 being foreign currency translation loss.
(ii) Rs. 22,90,04,570 being borrowing cost capitalised during the year.

- (b) Including -
(i) Rs. 52,497 ,Rs. 54,17,796 and Rs. 14,38,479 being jointly owned Building, Furniture, Fixture & Office Equipments and Plant & Machinery respectively.
(ii) Rs. 7,65,27,209 Technical Know-how fees amortised over a period of 5 years.
(iii) Rs. 85,898 being aggregate cost of land on lease to third parties.
(iv) Rs. 66,15,062 being cost of assets lying with third parties.
(v) Rs. 95,76,84,728 being book value of revalued fixed assets [Note 1(b)(ii) on Schedule 17] as below:

	Rs.
Freehold Land	18,45,42,892
Buildings	11,39,51,068
Plant & Machinery	65,91,90,768
	<u>95,76,84,728</u>

- (c) Includes:
(i) Rs. 26,19,50,230 being borrowing cost capitalised during the year.
(ii) expenses allocated Rs. 51,01,35,230 [Note 16 on Schedule 17]
(iii) Rs.1,57,72,08,591 being Capital Advances
(iv) Rs.12,24,21,196 being foreign currency translation loss

(d) Including Rs. 15,47,40,380 added on revaluation referred to in Note 18 on Schedule 17.

KESORAM INDUSTRIES LIMITED and its SUBSIDIARY

SCHEDULE 6 INVESTMENTS

	Number	Face Value of each Share etc.	Book Value as at 31st March, 2009 Rs.
Long Term - Other than Trade		Rs.	
(1) GOVERNMENT SECURITIES			
<u>At Cost :</u>			
6 Year National Savings Certificates (Rs.13,000 Written off during the year)	-	-	-
(2) BONDS			
<u>At under Cost :</u>			
6.75% Tax Free US 64 Bonds of Unit Trust of India (19,643 units Redeemed during the year having book value of Rs. 19,64,300)	-	-	-
(3) FULLY PAID SHARES			
<u>At Under Cost :</u>			
Aditya Birla Nuvo Ltd. -- Equity Shares	4,19,815	10	2,89,61,285
Birla Buildings Ltd.--Equity Shares	10,000	10	75,000
Century Textiles & Industries Ltd.-- Equity Shares	25,46,100	10	12,43,356
Coromandel Stampings & Stones Ltd.-- Equity Shares	10,000	10	1
ECE Industries Ltd.-- Equity Shares	59,000	10	6,69,859
Express Dairy Co. Ltd. -- Ordinary Shares (19,600 Ordinary Shares Sold during the year having book value of Re. 1)	-	-	-
Manjushree Plantations Ltd. -- Equity Shares *	1,53,268	10	1,04,16,094
<u>At Cost :</u>			
Aditya Birla Nuvo Ltd. -- Equity Shares	1,94,347	10	1,74,93,994
Birla Buildings Ltd. -- Ordinary Shares	20,000	10	2,00,000
Calcutta Stock Exchange Association Ltd. -- Equity Shares	10,455	1	2,09,10,000
Century Enka Ltd. -- Equity Shares	13,40,680	10	12,91,29,764
Century Textiles & Industries Ltd. -- Equity Shares	2,00,000	10	16,80,56,382
ECE Industries Ltd. -- Equity Shares	4,04,096	10	1,57,20,795
Essel Mining & Industries Ltd. -- Equity Shares	119	10	24,24,802
Grasim Industries Ltd. -- Equity Shares	1,42,220	10	56,90,090
HGI Industries Ltd. -- Equity Shares	4,96,100	10	1
Hindalco Industries Ltd. -- Equity Shares	53,586	1	14,77,946
Jay Shree Tea & Industries Ltd. -- Equity Shares	1,94,058	10	1,18,600
Kesoram Insurance Broking Services Ltd. -- Equity Shares (45,000 Equity Shares sold during the year having book value of Rs. 90,000)	1,43,000	10	2,86,000
Kesoram Textile Mills Ltd. -- Equity Shares (21,90,300 Equity Shares purchased during the year for Rs. 1,57,70,160)	22,96,986	2	1,57,70,170
Mangalam Cement Ltd. -- Equity Shares	28,62,000	10	4,65,41,500
Mangalam Timber Products Ltd. -- Equity Shares	24,45,000	10	3,09,69,500
Meghdoot Co-operative Housing Society Ltd.-- Shares	10	100	1,000
Padmavati Investment Ltd. -- Equity Shares	7,231	10	58,81,551
	Carried over		50,20,37,690

SCHEDULE 6 (cont.)**INVESTMENTS**

	Number	Face Value of each Share etc.	Book Value as at 31st March, 2009
Long Term - Other than Trade	Rs.	Rs.	
Brought forward			50,20,37,690
Vasavadatta Services Ltd. -- Equity Shares (16,000 Equity Shares sold during the year having book value of Rs. 1,60,000)	18,800	10	1,88,000
Vidula Chemicals & Manufacturing Industries Ltd. - Equity Shares*	44,750	10	5,93,138
			50,28,18,828
Less : Provision for diminution in value of investments*			1,10,09,232
			<u>49,18,09,596</u>
Aggregate Book Value of Investment in Shares etc. : Quoted (net of provision)			46,18,43,242
Unquoted			2,99,66,354
			<u>49,18,09,596</u>
Aggregate Market Value of Quoted Investment in Shares etc (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)			<u>1,46,23,46,283</u>

Investments Purchased and sold during the year	Number	Face value of each Unit	Cost
Current Investment - other than trade		Rs.	Rs.
Units in Mutual Funds			
HDFC Cash Management Fund - Savings Plan- Daily Dividend Reinvestment	6,11,68,91.559	10	6,50,61,705
Kotak FMP 1M Series 1 - Growth	1,00,00,00.000	10	1,00,00,000
LICMF Liquid Plus Fund -Daily Dividend Plan	1,90,11,429.969	10	19,01,14,300
NFSTD Canara Robeco Floating Rate ST Daily Dividend Fund	29,29,088.601	10	3,00,52,449
SBI - Magnum Insta Cash Fund - Daily Dividend Option	32,86,100.990	10	5,50,43,177
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	22,13,626.660	1,000	2,25,66,72,180

**SCHEDULE 7
INVENTORIES**

[Refer Note 1(d) on Schedule 17]

	31st March, 2009
	Rs.
Stores and Spare Parts	1,31,70,98,342
Raw Materials	2,24,13,15,921
Work-in-Process	64,81,52,922
Finished Goods	1,68,40,45,785
	<u>5,89,06,12,970</u>

SCHEDULE 8

SUNDRY DEBTORS

	Rs.	31st March, 2009 Rs.
Debts over six months		
Secured - Considered good		1,87,37,401
Unsecured		
- Considered good	3,29,54,603	
- Considered doubtful	5,28,089	
	<u>3,34,82,692</u>	
Less: Provision for doubtful debts	<u>5,28,089</u>	
		3,29,54,603
Other Debts - Considered good		
Secured	1,35,75,34,063	
Unsecured	<u>2,39,24,79,570</u>	
		<u>3,75,00,13,633</u>
		<u>3,80,17,05,637</u>

SCHEDULE 9

CASH AND BANK BALANCES

	31st March, 2009 Rs.
Cash in hand [including Rs.63,44,073 cheques/ drafts in hand]	84,02,227
With Scheduled Banks on -	
Current Account [including Rs.19,12,56,787 Remittances in transit]	54,25,76,016
Unpaid Dividend Accounts	1,48,12,098
Term Deposit Account	28,31,188
[including Rs.21,188 pledged with sales tax/ ESI Authorities]	
With Post Office Savings Bank Account	5,000
[Maximum Amount outstanding at any time during the year Rs.5,000]	
	<u>56,86,26,529</u>

SCHEDULE 10

OTHER CURRENT ASSETS

	31st March, 2009 Rs.
Unsecured - Considered Good	
Deposits	10,84,63,420
Accruals under Duty Exemption Scheme pertaining to exports	11,23,81,314
Accrued Interest on deposits	<u>27,97,132</u>
	<u>22,36,41,866</u>

SCHEDULE 11

LOANS AND ADVANCES

31st March, 2009

Rs.

Unsecured - Considered Good

Loans(including accrued interest)

8,61,48,926

Advances recoverable in cash or in kind or for value to be received

1,63,00,44,650

Balance with Excise, Port Trust and Customs Authorities etc.

12,18,382

Advance Payment of Income Tax (including tax deducted at source)

3,13,89,68,127

4,85,63,80,085

SCHEDULE 12

CURRENT LIABILITIES AND PROVISIONS

31st March, 2009

Rs.

Rs.

CURRENT LIABILITIES

Sundry Creditors

Due to Micro and Small Enterprises

10,33,407 *

Others

2,44,26,30,721

2,44,36,64,128

Advance from customers

16,11,15,481

Unclaimed Dividend

1,48,12,056

Other Liabilities

85,76,00,000

Interest accrued but not due on loans

15,39,56,056

3,63,11,47,721

* represents principal amount

Note:

There is no amount due and outstanding to be credited to Investors Education and Protection Fund as at Balance Sheet Date other than Unclaimed dividend of Rs. 45,903 pertaining to cases under litigation regarding beneficial ownership of shares.

PROVISIONS

31st March, 2009

Rs.

Taxation (including tax on Proposed Dividend)

3,29,88,29,104

Fringe Benefit Tax (Net of Advance Tax Rs.4,12,78,186)

53,67,499

Proposed Dividend

14,86,65,784

3,45,28,62,387

SCHEDULE 13

OTHER INCOME

	Rs.	2008-2009 Rs.
Income from Long term Investments (other than trade)		
- Dividend	4,72,28,746	
- Interest	<u>22,098</u>	
		4,72,50,844
Dividend from Current Investments (other than trade)		19,43,811
Interest (Gross)		
On loans [Tax deducted at source - Rs.11,34,181]	74,78,558	
On bank and other deposits [Tax deducted at source- Rs.1,15,691]	15,93,105	
On advance tax	4,10,26,910	
On delayed payment by customers	2,99,04,760	
On delayed credit by bank	<u>1,88,879</u>	
		8,01,92,212
Insurance Claims		1,79,36,425
Accruals under duty exemption scheme pertaining to exports		24,05,67,739
Liabilities no longer required written back		4,64,64,863
Profit on Fixed Assets sold/ discarded (Net)		3,35,17,858
Profit on Long Term Investments (other than trade) sold		36,14,099
Profit on Current Investments (other than trade) sold		76,319
Miscellaneous Income		<u>28,78,34,676</u>
		<u>75,93,98,846</u>

SCHEDULE 14

RAW MATERIALS AND FINISHED GOODS

	Rs.	2008-2009 Rs.
(i) Raw Materials Consumed		
Opening Stock	2,21,03,73,329	
Purchases (a)	<u>16,10,08,47,131</u>	
	18,31,12,20,460	
Less : Closing Stock	<u>2,24,13,15,921</u>	
		16,06,99,04,539
Raising cost of limestone (b)		74,34,58,869
(ii) (Increase)/Decrease in Work In Process, Finished Goods		
Opening Stock		
Work - in - Process	51,79,69,097	
Finished Goods	<u>95,67,26,145</u>	
	1,47,46,95,242	

SCHEDULE 14 (Contd.)

RAW MATERIALS AND FINISHED GOODS

	Rs.	2008-2009 Rs.
Purchases (c)	<u>60,13,73,325</u>	
	2,07,60,68,567	
Add: Semi-processed items transferred from trial run [Note 16 on Schedule 17]	<u>3,08,21,279</u>	
	2,10,68,89,846	
Less: Closing Stock		
Work - in - Process	64,81,52,922	
Finished Goods	<u>1,68,40,45,785</u>	
	(22,53,08,861)	
Less : Transferred to Capital Jobs	<u>5,28,83,509</u>	
		(27,81,92,370)
		<u>16,53,51,71,038</u>
(a) Purchase of Raw Materials is net of sale value		6,95,52,346
(b) Limestone Raising Cost include:		
Salaries, Wages, Bonus etc.		4,73,86,522
Contribution to Provident and other Funds		38,47,957
Workmen and Staff welfare		42,56,480
Dead Rent, Royalty etc.		26,88,63,174
Power and Fuel		12,68,872
Stores Consumed		26,88,15,610
Machinery repairs		12,18,13,066
Other repairs		5,88,674
Rates and taxes		1,20,627
Insurance		3,71,532
	<u>Quantity</u>	
	2008-2009	
(c) Purchase of finished goods include :		
Tyres, tubes & flaps (set)	Nos. 550	74,31,195
Tubes	Nos. 3,79,251	40,27,78,598
Flaps	Nos. 8,44,817	19,09,03,743
Market Fittings	Pcs. 4,121	2,59,789

SCHEDULE 15

MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES

	2008-2009
	Rs.
Salaries, Wages, Bonus etc.	1,50,53,55,295
Contribution to Provident Fund	13,02,56,510
Contribution to Superannuation Fund	44,20,321
Contribution to Gratuity Fund	6,90,67,078
Contribution to Employees' State Insurance Scheme	1,25,08,546
Workmen and Staff Welfare	8,05,38,069
Power and Fuel	5,55,90,83,241
Stores and Spare Parts consumed [less sale value Rs. 2,28,70,199]	85,33,87,851
Repairs and Maintenance	
Building	6,08,04,053
Plant and Machinery	36,17,80,083
Others	3,91,62,967
Rent [Net of realisation Rs. 98,20,697]	2,12,73,374
Rates and Taxes	30,23,57,075
Insurance	5,19,46,423
Brokerage and Discounts	97,85,74,137
Packing, Carriage and Shipping	4,14,30,15,641
Commission to Selling Agents	42,40,27,119
Directors' Fees	7,25,000
Directors' Commission	20,00,000
Long Term Investments (other than trade) written off	13,000
Debts/ Advances/ Deposits written off	7,22,15,354
Provision for Doubtful Debts	5,28,089
Foreign Currency Translation Loss (Net)	45,74,30,209
Miscellaneous Expenses	1,45,26,43,279
	<u>16,58,31,12,714</u>

SCHEDULE 16

INTEREST

	2008-2009
	Rs.
Interest :	
On Debentures	18,82,99,132
On Fixed Loans	1,12,70,98,874
Others	<u>22,31,99,158</u>
	1,53,85,97,164
Less: Interest Capitalised	<u>32,98,75,355</u>
	<u>1,20,87,21,809</u>
	<u>1,20,87,21,809</u>

SCHEDULE 17

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

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

(b) Fixed Assets and Depreciation

- (i) Fixed Assets are stated at cost of construction/ acquisition [except for items mentioned in (b) (ii) below] inclusive of inward freight, non refundable duties/ taxes, incidental expenses directly related to acquisition, borrowing cost, where applicable and adjustments for exchange difference referred to in Note 1(f) below. In respect of projects involving construction, related pre operational expenses form part of the value of assets capitalised. An impairment loss is recognised wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount (i.e. higher of net selling price and value in use).
- (ii) Land, buildings and certain plant and machineries of Rayon and Transparent Paper Unit as at 31st March, 1982 and of Cement (at Basantnagar) and Spun Pipes & Foundries Units as at 31st March, 1983 are stated at valuation made by the professional valuers in 1982-83 at the then current value. Land of Bulland Buildmart Private Limited (Subsidiary Company) is stated at valuation made by professional valuer on 30th September, 2008 at lower of current replacement cost and realisable value.
- (iii) Capital work in progress is stated at cost (including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 1(f) below), incurred during construction/ installation/ pre-operative period relating to items or projects in progress.
- (iv) Depreciation on revalued items of fixed assets referred to in (b)(ii) above is calculated on their respective revalued amounts at rates considered applicable by the valuers on straight line method as against the methods/ rates/ bases which would have otherwise been adopted for the purpose of the annual accounts of the Parent Company and accordingly includes additional depreciation charge. An amount equivalent to the aforesaid additional depreciation charge is transferred to the credit of the Profit and Loss Account from Capital Reserve - Revaluation of Fixed Assets.
- (v) Depreciation on fixed assets acquired up to 31st March, 1983 and not covered by revaluations referred to in (b)(ii) above pertaining to Transparent Paper Division of Rayon & Transparent Paper Unit and fixed assets of Bharat General Unit (except those pertaining to Malkapur Extraction Division) is calculated under reducing balance method at applicable rates as per Schedule XIV to the Companies Act, 1956 as revised during 1993-94.
- (vi) Leasehold land is amortised over the lease period.
- (vii) Certain indirect project expenditure included under fixed assets amortised over a period of five years.
- (viii) Depreciation on fixed assets acquired up to 31st March, 1993 other than items covered in (b)(iv) to (b)(vii) above is calculated under straight line method at the rates considered adequate to amortise the depreciable book value over the remaining part (as at 1st April, 1993) of the specified period recomputed by applying the Schedule XIV rates as revised during 1993-94 in keeping with the Circular No.14/93 dated 20th December, 1993 of the Department of Company Affairs, Government of India.
- (ix) Depreciation on additions to fixed assets from 1st April, 1993 [except for deferral of annual depreciation charge for three years from 1999-2000 to 2001-2002 on certain fixed assets of Cement Units as indicated in (b)(x) below], fixed assets of Hindusthan Heavy Chemical Unit, Assam Cotton Mills Unit and those pertaining to Malkapur Extraction Divisions of Bharat General Unit [referred to in (b)(v) above], is calculated under straight line method at applicable rates as per Schedule XIV to the Companies Act, 1956 as amended during 1993-94.
- (x) Pursuant to Central Government's approval under Section 205(2)(c) of the Act, depreciation not provided in 1999-2000, 2000-2001 and 2001-2002 accounts on certain fixed asset items of Cement Units are amortised over the remaining part of specified period (as at 1st April, 2000, 1st April, 2001 and 1st April, 2002 respectively) based on the prescribed rates.

SCHEDULE 17 (Contd.)

(c) Investments

Long Term Investments are stated at cost where applicable; provision for diminution is made or carrying amount is written down to recognise a decline other than temporary in the carrying amount of long term investments as determined by the Board of Directors on periodical review. Current investments are carried at lower of cost and fair value. Gains/ losses on disposal of the investments are recognised as income/ expenditure.

(d) Inventories

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

(e) Borrowing Cost

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

(f) Foreign Currency Translation as applicable under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'.

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/losses (other than relating to reporting of Long term foreign currency monetary items) arising out of fluctuations in the exchange rates are recognised in Profit and Loss Account in the period in which they arise. Exchange differences arising on reporting of Long term foreign currency monetary items (i) relating to acquisition of depreciable capital assets 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 accumulate in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long term monetary asset/liability but not beyond 31st March, 2011) - Also refer Note 19 below. Differences between the forward exchange rates and the exchange rates at the date of transactions are accounted for as income/expense over the life of the contracts.

(g) Derivative Contracts

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates') , gains/losses on settlement and mark to market loss (net) relating to outstanding contracts as at the Balance Sheet date is recognised in the Profit and Loss Account. Refer Note 1(f) above for forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in foreign Exchange Rates'.

(h) Sales

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

(i) Investment Income

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

(j) Employee Benefits

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

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

SCHEDULE 17 (Contd.)

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

(Also refer Note 15A below).

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

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

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

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

(k) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is provided/recognised on timing differences between taxable income and accounting income using the liability method subject to consideration of prudence. Deferred tax assets on unabsorbed depreciation and carry forward of losses under tax laws are not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Pursuant to the approval of the shareholders and Hon'ble Calcutta High Court's Order dated 5th February, 2002, deferred tax of Kesoram Industries Limited (Parent Company) as at 1st April, 2001 and for the years from 2001-2002 till 2007-08 have been adjusted against available balance in Securities Premium Account.

(l) Government Grants

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

(m) Goodwill on Consolidation

Goodwill arising on consolidation are stated at cost.

- 2 (a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements' notified under Section 211(3C) of the Companies Act, 1956.
- (b) The subsidiary [which along with Kesoram Industries Limited (Parent Company) constitute the Group] considered in the preparation of these Consolidated Financial Statements is-

Name	Country of Incorporation	Proportion of Ownership Interest as at 31st March, 2009
Bulland Buildmart Private Limited	India	100% #

Subsidiary effective 1st July, 2008

- (c) For preparation of these Consolidated Financial Statements, uniform accounting policies for like transactions and other events in similar circumstances have been adopted and presented to the extent possible, in the same manner as the Parent Company's separate Financial Statements.

SCHEDULE 17 (Contd.)

- (d) The financial statements of the Parent Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expense, after adjustments/elimination of inter-company balances.
 - (e) The excess of cost to the Parent Company of its investment in the subsidiary over the parent's portion of equity of the subsidiary at the date it became subsidiary is recognised in the Consolidated Financial Statements as Goodwill.
- 3 Expansion activities taken up in 2006-07 relating to fourth production line at Parent Company's Vasavadatta Cement Unit for 1.65 million tons capacity increase of cement is expected to be completed by first quarter of 2009-10. The related Clinker Plant is under trial run since 12th March, 2009.
- 17.5 MW Captive power plant taken up along with aforesaid cement expansion commenced power generation effective 28th February, 2009.
- The greenfield tyre project in Uttarakhand with production capacity of 257 MT/day, taken up in 2006-07, has commenced commercial production in phases during the year and is complete.
- Radial tyre (100 MT/day), bias tyre (125 MT/day) and motor cycle tyre (70 MT/day) projects taken up during the year are expected to commence commercial production by end 2009/early 2010.
- 4 The Parent 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 consolidated total assets/ liabilities/ revenue/ expenses/ cashflows. Pending disposal of the Unit, the Unit is in operation and results thereof, have been reflected in these Accounts.
- 5
- a) The Parent Company's Spun Pipes and Foundries Unit is under suspension of work effective 2nd May, 2008.
 - b) Consequent to sluggish demand resulting, inter alia from partial production shutdown by certain major automobile manufacturers, the Parent Company's Tyre Unit declared suspension of production during the year for 41 days at its Balasore factory.

SCHEDULE 17 (Contd.)

31st March, 2009
Rs.**6A Contingent Liabilities :**

(a) Guarantees given -	
(i) to excise authorities	11,73,223
(ii) by Banks on behalf of the Parent Company	45,96,01,210
(b) Claims against the Parent Company not acknowledged as debts : Rates, Taxes, Duties etc. demanded by various Authorities Amount demanded by Provident Fund and Employees' State Insurance Authorities which is subjudice	1,20,64,70,509 1,24,00,913
	1,21,88,71,422
(c) Rates, Taxes, Duties etc.	8,91,12,673
(d) Amount payable in connection with reorganisation of the Parent Company in earlier year	3,79,65,159
6B Capital Commitments [net of advances Rs. 1,57,72,08,591]	2,33,99,29,572
7 The major components of the deferred tax assets and liabilities accounted for during the year in the manner indicated in Note 1(k) above are as below:	
<u>Tax effect of timing differences</u>	
(a) <u>Deferred Tax Liabilities</u>	
Difference between written down value of block of assets as per Income tax laws and book written down value of the fixed assets	1,31,26,88,000
(b) <u>Deferred Tax Assets</u>	
(i) Items allowable for tax purpose on payment	5,09,85,000
(ii) Others	2,27,665
Net Deferred Tax Liability as at the year-end	1,26,14,75,335
8 Power and Fuel (Schedule 15) includes consumption of stores and spares	4,95,11,40,034
9 Repairs and Maintenance (Schedule 15) includes:	
(a) Consumption of stores and spare parts	13,94,25,323
(b) Salaries and Wages	14,64,68,536
(c) Technical Service fees	5,77,872
10 Packing, carriage and shipping (Schedule 15) includes:	
(a) Consumption of stores and spare parts	59,62,25,681
(b) Salaries and Wages	6,48,21,711
11 Fixed Assets/ Capital Work-in-Progress (Schedule 5) include consumption of stores and spare parts during the year	1,79,98,63,402
12 Miscellaneous expenses (Schedule 15) includes:	
(a) Guarantee Commission	16,14,257
(b) Technical Service Charges	35,09,300
(c) Conversion Charges	34,55,79,589
(d) Consumption of stores and spare parts	2,22,06,581
13 Provision for Current Tax for the year 2008-2009 is net of write back of Rs.40,92,26,444 in respect of earlier years.	
14 Miscellaneous expenses (Schedule 15) is net of Rs. 3,80,73,336 being excise duty related to the difference between the closing stock and opening stock	

SCHEDULE 17 (Contd.)

- 15 A. In keeping with the Guidance on implementing Accounting Standard (AS) 15 on Employee Benefits issued by the Accounting Standards Board of the Institute of Chartered Accountants of India (ASB Guidance), employer-established provident fund trusts are treated as Defined Benefit Plans, since the employer is obligated to meet interest shortfall, if any, with respect to covered employees. According to the management, in consultation with Actuary, actuarial valuation cannot be applied to reliably measure provident fund liabilities in absence of guidance from Actuarial Society of India. Accordingly, the Parent Company is currently not in a position to provide other related disclosures as required by the aforesaid AS 15 read with the ASB Guidance, however, having regard to the position of the Fund (for covered employees) and confirmation from the Trustees' of such Fund there is no shortfall as at the year end.
- 15 B. In keeping with the Parent Company's gratuity scheme (a defined benefit plan), eligible employees are entitled to gratuity benefit (at one half months eligible salary for each completed year of service) on retirement / death / incapacitation / termination. Also refer Note 1 (j) for accounting policy relating to gratuity. Following are the further particulars with respect to gratuity :-

I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation	2008-2009 Rs.
(a) Present Value of Obligation at the beginning of the year	47,00,50,924
(b) Current Service Cost	3,30,26,132
(c) Interest Cost	3,37,82,502
(d) Actuarial Loss	36,57,471
(e) (Benefits Paid)	(3,92,35,112)
(f) Present Value of Obligation at the end of the year	<u>50,12,81,917</u>
II. Reconciliation of opening and closing balances of the fair value of Plan Assets	
(a) Fair Value of Plan Assets at the beginning of the year	42,82,25,808
(b) Expected Return on Plan Assets	2,99,75,806
(c) Actuarial Loss	(2,85,76,779)
(d) Contributions by employer	4,60,35,116
(e) (Benefits Paid)	(3,92,35,112)
(f) Fair Value of Plan Assets as at the end of the year	<u>43,64,24,839</u>
III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above	
(a) Present Value of Obligation as at the end of the year	50,12,81,917
(b) Fair Value of Plan Assets as at the end of the year	43,64,24,839
(c) Liability recognised in the Balance Sheet	<u>6,48,57,078</u>

SCHEDULE 17 (contd.)

IV. Expense charged to the Profit and Loss Account

2008-2009
Rs.

(a) Current Service Cost	3,30,26,132
(b) Interest Cost	3,37,82,502
(c) (Expected Return on Plan Assets)	(2,99,75,806)
(d) Actuarial Loss	3,22,34,250
(e) Total expense charged to the Profit and Loss Account*	<u>6,90,67,078</u>

* reflected as 'Contribution to Gratuity Fund' under 'MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES' on Schedule 15

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

31st March, 2009

(a) NAV / Interest based schemes with Insurance Companies	58.19%
(b) Special Deposit Scheme with State Bank of India	30.31%
(c) Government (Central and State) Securities	3.89%
(d) Others (including bank balances)	7.61%

VI. Actual Return on Plan Assets

2008-2009
Rs.
13,99,027

VII. Principal Actuarial Assumptions

31st March, 2009

(a) Discount Rate (per annum)	7.50%
(b) Expected Rate of Return on Plan Assets (per annum)	7.00%
(c) Salary Escalation	5.00%
(d) Inflation Rate	5.00%

The estimates 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.

SCHEDULE 17 (Contd.)

16 Details of pre-operative expenses incurred relating to expansion/ greenfield projects referred to in Note 3 above -

	2008-2009				
	Upto 31st March, 2008 Rs. (a)	During 2008-2009 Rs. (b)	Total Rs. (c) = (a) + (b)	Capitalised/ Transferred Rs. (d)	Balance as on 31st March, 2009 Rs. (c) - (d)
Raw Materials consumed	-	3,21,49,062	3,21,49,062	3,21,49,062	-
Stores and Spare Parts Consumed	-	6,165	6,165	6,165	-
Salaries, Wages, Bonus etc.	2,25,14,103	3,01,92,319	5,27,06,422	3,60,03,019	1,67,03,403
Contribution to Provident and Other Funds	12,31,512	25,20,678	37,52,190	26,89,647	10,62,543
Workmen and Staff Welfare	17,03,514	67,14,449	84,17,963	83,69,851	48,112
Power and Fuel	1,22,56,035	11,15,82,483	12,38,38,518	7,64,15,063	4,74,23,455
Repairs and Maintanance to Plant & Machinery	-	2,70,317	2,70,317	1,23,116	1,47,201
Rent	6,29,485	31,64,890	37,94,375	33,37,175	4,57,200
Rates & Taxes	11,04,424	12,62,359	23,66,783	17,52,636	6,14,147
Insurance	55,19,905	59,90,949	1,15,10,854	43,02,517	72,08,337
Miscellaneous Expenses	13,77,27,255	28,08,80,862	41,86,08,117	17,82,12,978	24,03,95,139
	18,26,86,233	47,47,34,533	65,74,20,766	34,33,61,229	3,14,0,59,537
Interest	8,14,85,169	32,98,75,355	41,13,60,524	21,52,84,831	19,60,75,693
Total (A)	<u>26,41,71,402</u>	<u>80,46,09,888</u>	<u>1,06,87,81,290</u>	<u>55,86,46,060</u>	<u>51,01,35,230</u>
Scrap Sales during trial run	-	35,15,117	35,15,117	35,15,117	-
Total (B)	<u>-</u>	<u>35,15,117</u>	<u>35,15,117</u>	<u>35,15,117</u>	<u>-</u>
Net Pre-Operative Expenses (A-B)	<u>26,41,71,402</u>	<u>80,10,94,771</u>	<u>1,06,52,66,173</u>	<u>55,51,30,943</u>	<u>51,01,35,230</u>
Power generated during Trial Run (Included under Power and Fuel in Schedule 15)				1,23,88,367	
Semi-processed items transfer red (Schedule 14)				3,08,21,279	
Capitalised				51,19,21,297	
				<u>55,51,30,943</u>	

17 13% Secured redeemable non convertible debentures aggregating Rs.100 crores, privately placed (allotment date -17th November,2008) are due for redemption at par at the end of third year from the date of allotment with put/call option at par at the end of first year from the date of allotment. Debenture Redemption Reserve of Rs 25 crores, being 25% of the aforesaid value of debentures has been created out of the profits for the year.

18 Subsidiary Company's (Bulland Buildmart Private Limited) land has been revalued on 30th September, 2008 by proffessional valuers at lower of current replacement cost and realisable value. Resultant incremental value amounting to Rs. 15,47,40,380 has been added to the book value of land with corresponding credit to Revaluation Reserve.

SCHEDULE 17 (Contd.)

- 19 In keeping with the Notification No. G.S.R. 225(E) dated 31st March, 2009 issued by the Ministry of Corporate Affairs, the Parent Company has opted to adjust the exchange differences arising on reporting of long term foreign currency monetary items (loan) relating to acquisition of depreciable capital assets in the carrying amount of such assets (to be depreciated over the balance life of the related assets) with retrospective effect from the Parent Company's financial year ended 31st March, 2008 vis-à-vis recognition of aforesaid exchange differences as income/expense in the Profit and Loss Account in the previous year. Pursuant to the exercise of the aforesaid option, exchange difference as on 1st April, 2008 being net loss of Rs. 8,10,000 has been debited to Capital Work in Progress with corresponding credit to General Reserve. Further, as a result of this change, year-end carrying amount of fixed assets/capital work in progress is higher by Rs. 26,83,80,252 with corresponding incremental impact on the profit for the year.
- 20 Pursuant to the Announcement on Accounting for Derivatives issued by the Institute of Chartered Accountants of India in March, 2008, the Parent Company has accounted for during the year losses amounting to Rs. 17,36,12,270 in respect of outstanding derivative contracts at the Balance sheet date by marking them to market as indicated in Note 1 (g) above. Such derivative loss is included in 'Miscellaneous Expenses' under Schedule 15 to accounts.
Realised Loss (net) of Rs. 77,02,500 during the year arising from derivative contracts is included in 'Miscellaneous Expenses' under Schedule 15 to accounts.

21 Earnings Per Share (EPS)

		2008-2009
Number of Ordinary shares at the beginning of the year		4,57,43,318
Number of Ordinary shares at the end of the year		4,57,43,318
Weighted average number of Ordinary shares outstanding during the year	(A)	4,57,43,318
Nominal value of each Ordinary Share (Rs.)		10
Profit after Tax (Rs.)	(B)	3,78,73,19,357
Earnings per Share (Basic and Diluted) (Rs.)	(B/A)	82.80

SCHEDULE 17 (Contd.)

22 Information about Business segments

	2008-2009				
	Tyres	Cement	Rayon, T.P. and Chemicals	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Segment Revenue					
Sales	19,47,22,61,417	20,51,34,96,046	2,77,45,25,028	16,31,58,626	42,92,34,41,117
Less: Inter segment Sales (made at cost)	-	-	27,54,888	-	27,54,888
Total	<u>19,47,22,61,417</u>	<u>20,51,34,96,046</u>	<u>2,77,17,70,140</u>	<u>16,31,58,626</u>	<u>42,92,06,86,229</u>
Segment Results [Profit / (Loss) after considering Other Income and before interest and tax]	57,68,75,028	5,51,90,60,287	(4,49,76,597)	(17,97,30,852)	5,87,12,27,866
Interest					(1,20,87,21,809)
Other unallocated expenditure (net of income)					(57,14,53,550)
Profit Before Tax					<u>4,09,10,52,507</u>
Segment Assets	21,43,70,08,939	15,58,42,75,180	1,28,98,31,351	13,90,27,489	38,45,01,42,959
Unallocated Assets					4,77,02,31,991
Total					<u>43,22,03,74,950</u>
Segment Liabilities	3,19,68,80,930	1,42,73,56,589	26,73,86,986	1,42,36,114	4,90,58,60,619
Unallocated Liabilities					24,85,88,15,350
Total					<u>29,76,46,75,969</u>
Segment Capital Expenditure	6,75,56,23,575	3,86,06,82,598	3,06,49,511	9,77,785	10,64,79,33,469
Segment Depreciation and amortisation	46,05,81,567	60,61,02,383	4,70,61,318	28,72,133	1,11,66,17,401
Segment non-cash expenses other than depreciation and amortisation	-	-	15,71,170	7,11,45,944	7,27,17,114
Principal Items manufactured	Tyres, Tubes and Flaps	Cement	Viscose Filament Rayon Yarn, Cellophane Paper, Sulphuric Acid, Caustic Soda Lye, Hydrochloric Acid		

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

SCHEDULE 17 (Contd.)

23 Related Party Disclosures

2008-2009

I. List of Related Parties

(a) Key Management Personnel

- Shri K.C.Jain (Manager of Parent Company)

(b) Relative of Key Management Personnel

- Shri Sunil Jain (Son of Shri K.C.Jain)

(c) Other Related Parties #

- Syt.B.K.Birla

- Century Textiles & Industries Ltd.

- Century Enka Ltd.

- Jay Shree Tea & Industries Ltd.

- Mangalam Cement Limited

(d) Enterprise having common Key Management Person

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

II. Transactions
Particulars

2008-09

	I (a) above Rs.	I (b) above Rs.	I (c) above Rs.	I (d) above Rs.
(i) Income				
Rent & other Services				
- Century Textiles & Industries Ltd.	-	-	34,00,984	-
- Century Enka Ltd.	-	-	3,19,292	-
Sales				
- Century Textiles & Industries Ltd.	-	-	93,07,580	-
- Others	-	-	9,34,384	-
(ii) Expenditure				
Rent and Other Services				
- Century Textiles & Industries Ltd.	-	-	40,64,647	-
- Others	-	18,99,432		
Commission	-	33,08,366	-	-
Interest Paid	-	4,17,402	-	90,73,974
Remuneration	62,84,959	-	-	-
Purchases				
- Century Textiles & Industries Ltd.	-	-	53,80,63,722	-
- Century Enka Ltd.	-	-	1,25,24,44,481	-
Directors' Fees				
- Syt. B.K.Birla	-	-	80,000	-
Directors' Commission				
- Syt. B.K.Birla	-	-	250,000	-

SCHEDULE 17 (Contd.)

II. Transactions

Particulars	2008-09			
	I (a) above	I (b) above	I (c) above	I (d) above
	Rs.	Rs.	Rs.	Rs.
(iii) Finance & Investment				
Security deposit taken	-	42,374	-	-
Loan taken	-	-	-	23,00,00,000
Repayment of Loan Taken	-	-	-	23,00,00,000
(iv) Others				
Dividend paid				
- Century Textiles & Industries Ltd.	-	-	56,73,000	-
- Century Enka Ltd.	-	-	45,33,704	-
- Jay Shree Tea & Industries Ltd.	-	-	79,36,690	-
Dividend received				
- Century Textiles & Industries Ltd.	-	-	1,23,57,450	-
- Century Enka Ltd.	-	-	67,03,400	-
- Mangalam Cement Ltd.	-	-	-	1,43,10,000
- Jay Shree Tea & Industries Ltd.	-	-	4,85,145	-
(v) Balance Outstanding at year end				
Security deposit payable	-	43,94,335	-	-
Directors' Commission				
- Syt. B.K.Birla	-	-	2,50,000	-
Other payable				
- Century Textiles & Industries Ltd.	-	-	3,26,25,639	-
- Century Enka Ltd.	-	-	9,59,16,974	-
- Others	-	12,89,705	284	-
Other receivables				
- Century Textiles & Industries Ltd.	-	-	13,18,071	-
- Jay Shree Tea & Industries Ltd.	-	-	34,163	-
Investment in shares				
- Century Textiles & Industries Ltd.	-	-	16,92,99,738	-
- Century Enka Ltd.	-	-	12,91,29,764	-
- Mangalam Cement Ltd	-	-	-	4,65,41,500
- Jay Shree Tea & Industries Ltd.	-	-	1,18,600	-

SCHEDULE 17 (Contd.)

31st March, 2009
Rs.

24	Shares of Jay Shree Tea & Industries Ltd. held by the Company at face value being bonus shares remaining unclaimed.	1,57,260
25	Certain records/ documents pertaining to production, raw materials, purchase records etc. of the Parent Company's Assam Cotton Mills Unit were seized by the Excise Authorities and are presently not available.	
26	This being the first year of preparation of Consolidated Financial Statements (in terms of Accounting Standard 21 on Consolidated Financial Statements notified under section 211(3C) of the Act) on Bulland Buildmart Private Ltd. becoming subsidiary of the Parent Company effective 1st July, 2008 (referred to in Note 2 above), comparative figures for the previous year have not been furnished.	

Signature to Schedules 1 to 17

S. K. PARIK
Director & Secretary

B. K. BIRLA

Chairman

K.G. MAHESHWARI

B.P. BAJORIA

P.K. CHOKSEY

G.B. PANDE

AMITABHA GHOSH

P.K. MALLIK

MANJUSHREE KHAITAN

Directors

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

For the year ended
31st March, 2009
Rs.

A. Cash Flow from Operating Activities

Net Profit Before Tax	4,09,10,52,507
Adjustments for :	
Depreciation	1,11,85,61,067
Profit on Fixed Assets sold / discarded (net)	(3,35,17,858)
Profit on Sale of Long Term Investments (other than trade)	(36,14,099)
Profit on Sale of Current Investments (other than trade)	(76,319)
Income from Long Term Investments (other than trade)	(4,72,50,844)
Dividend from Current Investments (other than trade)	(19,43,811)
Borrowing Cost [including interest Rs.1,20,87,21,809] paid/payable on loans	1,29,59,66,293
Interest received / receivable on loans etc.	(83,89,262)
Provision for doubtful debts	5,28,089
Debts / Advances / Deposits written off	7,22,15,354
Long Term Investments (other than trade) written off	13,000
Liabilities no longer required written back	(4,64,64,863)
Unrealised loss on derivative contracts	10,91,66,989
Unrealised loss on foreign currency fluctuation (net)	10,63,09,576
Operating profit before working capital changes	6,65,25,55,819
Adjustments for :	
Inventories	(1,46,89,11,160)
Trade and other receivables	(1,06,06,55,100)
Trade payables	42,27,73,350
Cash generated from operations	4,54,57,62,909
Direct Taxes Paid (net of refund)	(84,31,65,970)
Net cash from operating activities	3,70,25,96,939

B. Cash Flow from Investing Activities

Purchase of Fixed Assets	(9,89,25,72,349)
Proceeds from sale of Fixed Assets	5,02,30,352
Purchase of Long Term Investments (other than trade)	(1,57,70,160)
Acquisition of Subsidiary	(54,10,00,000)
Purchase of Current Investments (other than trade)	(2,60,69,43,811)
Proceeds from sale of Current Investments (other than trade)	2,60,70,20,130
Proceeds from sale/redemption of Long Term Investments (other than trade)	58,28,400
Income from Long Term Investments (other than trade)	4,72,50,844
Dividend from Current Investments (other than trade)	19,43,811
Loans given	(2,50,00,000)
Realisation of Loans given	1,52,00,000
Interest received on loans, deposits etc.	49,17,237
Net cash used in investing activities	(10,34,88,95,546)

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

For the year ended
31st March, 2009
Rs.**C. Cash Flow from Financing Activities**

Proceeds from -	
Long-term borrowings	11,11,58,77,507
Short-term borrowings	69,25,45,39,180
Unclaimed debentures paid/transferred	(2,53,82,188)
Repayment of -	
Long-term borrowings	(2,67,47,30,340)
Short-term borrowings	(68,02,19,57,779)
Decrease in cash credit and overdrafts from banks	(81,52,49,830)
Borrowing cost [including interest Rs.1,39,15,13,827] paid	(1,61,50,42,037)
Dividends paid during the year (including taxes thereon)	(41,05,81,720)
Net cash from financing activities	6,80,74,72,793
Net increase in Cash and Cash Equivalents	16,11,74,186
Opening Cash and Cash Equivalents	40,54,21,333
Cash and Cash equivalent on acquisition of Bulland Buildmart Private Limited (refer Note 2 on Schedule 17) and Note 3 below	20,31,010
Closing Cash and Cash Equivalents (Note 2)	56,86,26,529
Notes:	
1. The above Consolidated cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard – 3 on Cash Flow Statements.	
2. Cash and Cash Equivalents comprise	
Cash in Hand	84,02,227
With Schedule Banks on -	
Current Account	54,25,76,016
Unpaid Dividend Accounts	1,48,12,098
Term Deposit Account	28,31,188
With Post Office Savings Bank Account	5,000
	56,86,26,529
3. Cash and Cash equivalents of Bulland Buildmart (Private) Limited comprise Cash in hand of Rs. 6,91,821 and balance with Scheduled bank in Current Account of Rs. 13,39,189	

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

Kolkata,
2nd May, 2009.(S.K. DEB)
Partner
Membership No. 13390
For and on behalf of
Price Waterhouse
Chartered AccountantsS. K. PARIK
Director & Secretary

B. K. BIRLA

*Chairman*K.G. MAHESHWARI
B.P. BAJORIA
P.K. CHOKSEY
G.B. PANDE
AMITABHA GHOSH
P.K. MALLIK
MANJUSHREE KHAITAN*Directors*

KESORAM INDUSTRIES LIMITED

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

Dear Shareholder,

Date: 18th May, 2009

Re : Payment of Dividend through Electronic Clearing Service (ECS)

It has always been our endeavour to extend the best possible services to our shareholders. However, we find that you may encounter occasional difficulties, mainly when we have to depend on external agencies. Of late, it has been noticed that dividend warrants forwarded by post are intercepted in transit and are fraudulently encashed by dishonest elements, causing a great deal of inconvenience to the shareholders and to the Company.

With a view to safeguard our mutual interest, we would strongly recommend that you avail of the Electronic Clearing Service (ECS) which had been introduced by the Reserve Bank of India (RBI), initially in the Metro Cities and which has now been extended to other cities where RBI and SBI has clearing centres. Under this system, dividend payable to you, is directly credited to a bank account designated by you. No physical instruments are issued and information is electronically passed on to the RBI through our bankers. Upon receiving this information your bank would directly credit your account and indicate credit entry as "ECS" in your passbook/bank statement and intimation of "ECS" would also be sent to you separately. Therefore, with this facility, problems faced due to loss in transit, frauds, postal delays etc. would be avoided.

We would like to draw your attention to Circular No. DCC/FITTCIR-3/2001 dated 15th October, 2001 issued by SEBI, vide which the Companies are advised to mandatorily use ECS facility for distributing dividends, or other cash benefits etc. to the investors in areas where ECS facility is available. In the absence of availability of ECS facility, the Companies may use warrant for distributing the dividends.

Presently the scheme is available only for payment up to a maximum amount of Rs. 5,00,000/- (Rupees five lacs only).

In case the ECS facility is not made available to you by the Company at a particular centre or the amount payable to you exceeds Rs. 5,00,000/- the dividend amount payable to you would be remitted by means of a dividend warrant which will be posted to your address with the particulars of bank viz. name of the bank, Account No. etc. furnished by you, duly incorporated on it.

Shareholders holding shares in dematerialised form are hereby informed that as per the above referred SEBI's circular Company will send dividend amount for credit into their bank account through "ECS" wherever Bank particulars and MICR details are made available to the Company in the Beneficial Ownership Position provided by NSDL and CDSL for the purpose of dividend payment.

Further such shareholders i.e. who are holding their shares in dematerialised mode are requested to provide the Bank details/changes, if any, only to the Depository Participant (D.P.) with whom demat account is maintained. **In this case details/changes intimated to the Company will not be considered.**

Shareholders holding shares in physical form and who wish to avail of this facility are requested to fill in the form given overleaf and return the same along with a photo copy of the cheque pertaining to the Bank Account where they would like the amount to be credited.

Such forms should be received by the Company at above address preferably **on or before 11th June, 2009** so as to enable the Company to credit the future dividend entitlement to their A/C through ECS.

This arrangement is subject to RBI guidelines issued from time to time.

Bank particulars

Shareholders holding shares in physical form and who do not wish to opt for ECS facility or located in a place where such facility is not available are requested to inform the name, branch and A/C No. of their bank, if not provided earlier, **on or before 11th June, 2009** in the format provided overleaf.

We shall incorporate such particulars on the dividend warrant to avoid any fraudulent encashment.

Please note that ECS instructions will supersede the mandate instructions given earlier by you and noted in our records.

Yours faithfully,
For Kesoram Industries Ltd.
S. K. PARIK
Director & Secretary

Kesoram Industries Limited

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

Re : Payment of dividend

I have read the letter dated 3rd May, 2008 from the Company giving the details of ECS scheme printed overleaf.

I wish to participate in the Electronic Clearing Service (ECS) introduced by Reserve Bank of India.

I do not wish to participate in the ECS. However, kindly print the bank particulars given below on the dividend warrant being issued to me.

1. Name of the Holder : _____

2. Ref. Folio No. : _____

3. Particulars of Bank

a. Name of the Bank : _____

b. Branch Address : _____

* c. 9 digit Code Number of the Bank
& Branch as appearing on the
MICR Cheque issued by the bank :

--	--	--	--	--	--	--	--	--

d. Account type (Please tick) : ☐ Savings ☐ Current ☐ Cash Credit

e. Ledger Folio No. (if any)
of your bank account : _____

f. Account No. : _____

I hereby declare that the particulars above given are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment is delayed or not effected at all for any reason(s), beyond the control of the Company, I would not hold the Company responsible.

Date : _____

Signature of the first holder

Please ensure that the details submitted by you are correct as any error therein could result in the dividend amount being credited to a wrong account.

Delete whichever is not applicable.

*The nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.

KESORAM INDUSTRIES LIMITED

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

ATTENDANCE SLIP

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

I/We hereby record my / our presence at the ANNUAL GENERAL MEETING of the above named Company at KALA KUNJ, 48, Shakespeare Sarani, Kolkata - 700 017 at 11.00 a.m. on Friday, the 26th June, 2009.

NAME(S) OF THE MEMBER (S)	Registered Folio No. : DP-ID No: CI-ID No. :
---------------------------	--

Name of Proxy (in block letter)

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

--

Member's / Proxy's Signature

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

KESORAM INDUSTRIES LIMITED

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

PROXY FORM

Registered Folio No DP-ID No Client 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 Thursday 26th June, 2009 and at any adjournment thereof.

As WITNESS my / our hand(s) this day of 2009

Signed

Revenue
Stamp 15
Paise

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



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**

