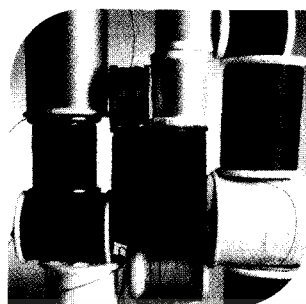


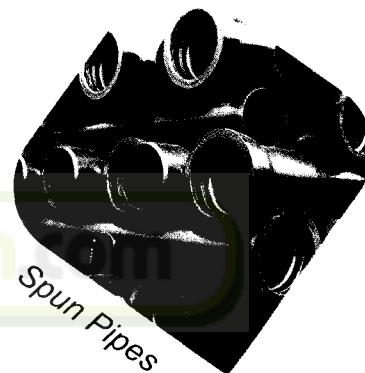
87th Annual Report & Accounts 2005-2006



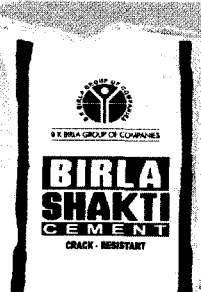
Tyre



Rayon Yarn



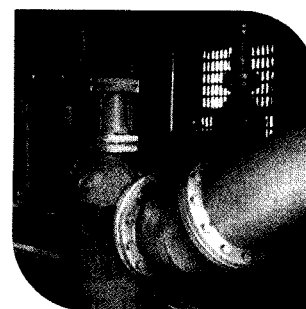
Spun Pipes



Cement



**KESORAM
INDUSTRIES
LIMITED**



Heavy Chemicals

Meeting new challenges, everyday!



Shri Basant Kumar Birla – Chairman

Message of the Chairman

India, which has shown promise of a sustainable GDP growth rate of 8 per cent and more, has rightly become the toast of the world. As the country has excelled in manufacturing, services and knowledge-based industries, it has become a favourite destination of foreign direct investment. At the same time, Indian businessmen are going out in greater numbers to buy businesses abroad. Policy of reforms started well over a decade ago has helped in realizing the potential of Indian economy. Confidence in the economy is adequately reflected in the stock market and the response to new share floats. My one point of concern, however, is the slow rate of growth of agriculture during the Ninth Plan and also thereafter. But it is well within the capacity of agricultural scientists and farmers to usher in a second green revolution. Growing prosperity in rural areas will finally translate into higher demand for industrial and consumer goods.

As more and more importance is given to infrastructure development and house building to ensure continuing high rates of GDP growth, the outlook for the cement industry should remain bright. India's cement industry is not only the world's second largest, but it is also operating at high levels of efficiency. Creation of new cement making capacity in response to growing demand will be the order of the day. The highly encouraging performance of all sections of the Indian automobile industry, which is hopeful of exporting vehicles worth \$ 35 billion in about ten years, is good news for tyre manufacturers.

I do believe that in this brave new world, success will depend on cost efficiency, commitment to equality and state-of-the-art manufacturing facilities. These are the values your company holds dear. We can confidently look forward to more rewarding times.

Basant Kumar Birla



KESORAM INDUSTRIES LIMITED

87th ANNUAL REPORT & ACCOUNTS 2005-06

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.

Registered Office

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

Bankers

Allahabad Bank, BNP Paribas, Canara Bank, Central Bank of India, Citibank N.A., HDFC Bank Ltd., ICICI Bank Ltd., IndusInd Bank Ltd., Oriental Bank of Commerce, State Bank of India, State Bank of Hyderabad and UCO Bank.

Auditors

Messrs Price Waterhouse

Share Transfer Agent

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

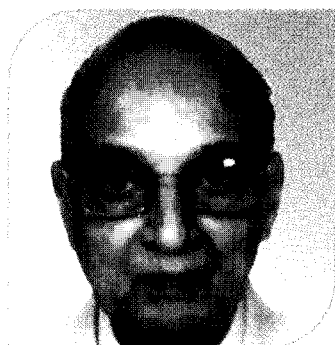
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Board of DIRECTORS



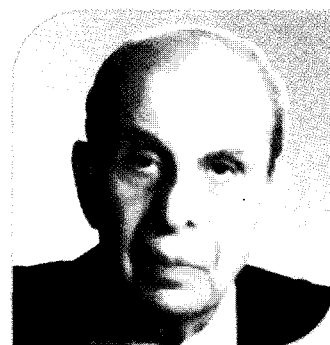
Shri Basant Kumar Birla –*Chairman*



Shri Krishna Gopal Maheshwari



Shri Bhagwati Prasad Bajoria



Shri Pesi Kushru Choksey



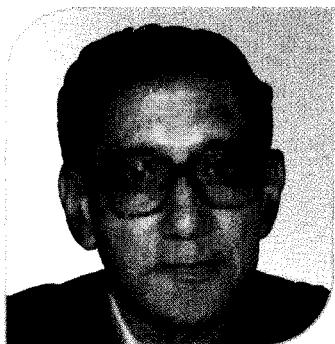
Smt. Neeta Mukerji
(Nominee of ICICI Bank Ltd.)



Shri Dharmananda Mishra
(Nominee of LIC)



Shri Amitabha Ghosh



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	<i>Sr. Vice President (Finance)</i>
Shri S.R. Chamaria	<i>Sr. Vice President (Accounts & HRD)</i>
Shri Suresh Sharma	<i>Sr. Vice President (Commercial)</i>
Shri G.K. Ojha	<i>Vice President (Secretarial)</i>
Shri Vikash Agarwal	<i>Vice President (Taxation)</i>
Shri Yashwant Mishra	<i>Vice President (Internal Control)</i>

Vasavadatta Cement Section

Shri O.P. Poddar	<i>President</i>
Shri P.K. Goyenka	<i>President</i>
Shri P.R. Sharma	<i>Joint President</i>
Shri C.K. Jain	<i>Joint President (Engg. & TPH)</i>
Shri R. Vishwanathan	<i>Vice President (Projects)</i>
Shri O.P. Sharma	<i>Vice President (Commercial)</i>
Shri I.K. Purohit	<i>Vice President (Sales & Marketing)</i>
Shri Rajesh Singhi	<i>Vice President (Mechanical)</i>

Kesoram Cement Section

Shri S.V. Tapadia	<i>Joint President (Fin. & Admn.)</i>
Shri K.L. Narayana Rao	<i>Joint President (Technical)</i>
Shri K.K. Prasad	<i>Vice President (Mines)</i>

Birla Tyres Section

Shri D. Tandon	<i>President</i>
Shri R.K. Shah	<i>Vice President (Commercial)</i>
Shri A.K. Uppal	<i>Vice President (Marketing)</i>
Shri Sujoy Sen	<i>Vice President (Purchase)</i>
Shri R.C. Singh	<i>Vice President (Production)</i>
Shri Anoj Agarwal	<i>Vice President (Commercial)</i>
Shri Anupam Dutta	<i>Vice President (Technical)</i>

Rayon & Transparent Paper Sections

Shri J.D. Palod	<i>President</i>
Shri J.P. Bohra	<i>Joint President (Finance)</i>
Shri S.C. Tripathy	<i>Sr. Vice President (Development)</i>
Shri S.S. Singhania	<i>Vice President (Engineering)</i>

Spun Pipes Section

Shri V.K. Saraf	<i>Vice President (Marketing)</i>
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Hindusthan Heavy Chemicals Section

Shri S. Roy	<i>Vice President (Commercial)</i>
Shri M.L. Bhattacharya	<i>Vice President (Technical)</i>

Performance

HIGHLIGHTS

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

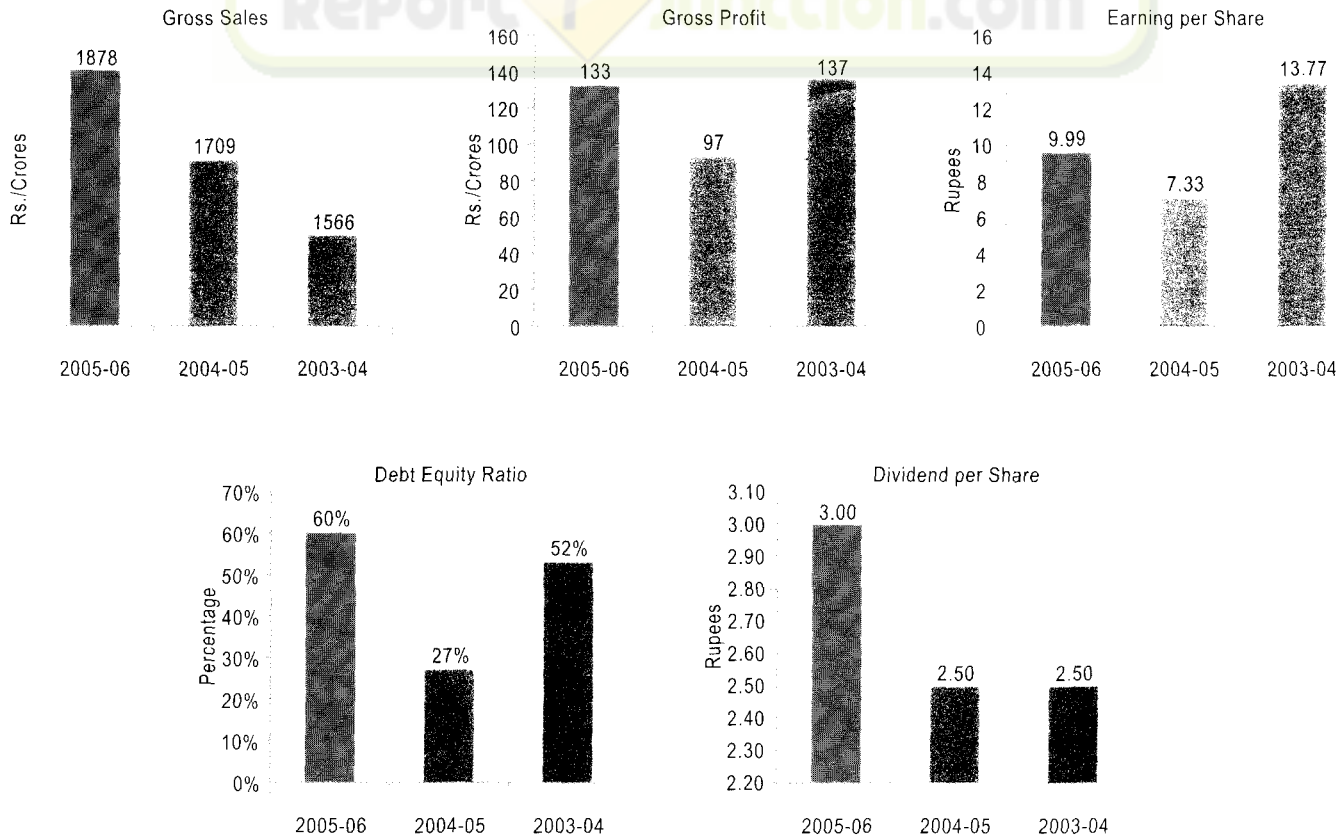
- ➡ Gross Sales have risen from Rs. 1,709 Crores to Rs. 1,878 Crores.
- ➡ Gross Profit after interest has increased from Rs. 97 Crores to Rs. 133 Crores.
- ➡ Earning per share has improved from Rs. 7.33 to Rs. 9.99.
- ➡ Debt Equity Ratio has increased from 0.27:1 to 0.60:1.
- ➡ Dividend has been enhanced from Rs. 2.5 to Rs. 3.00 per share.

The graphs below show the year 2005-06 and previous two years.

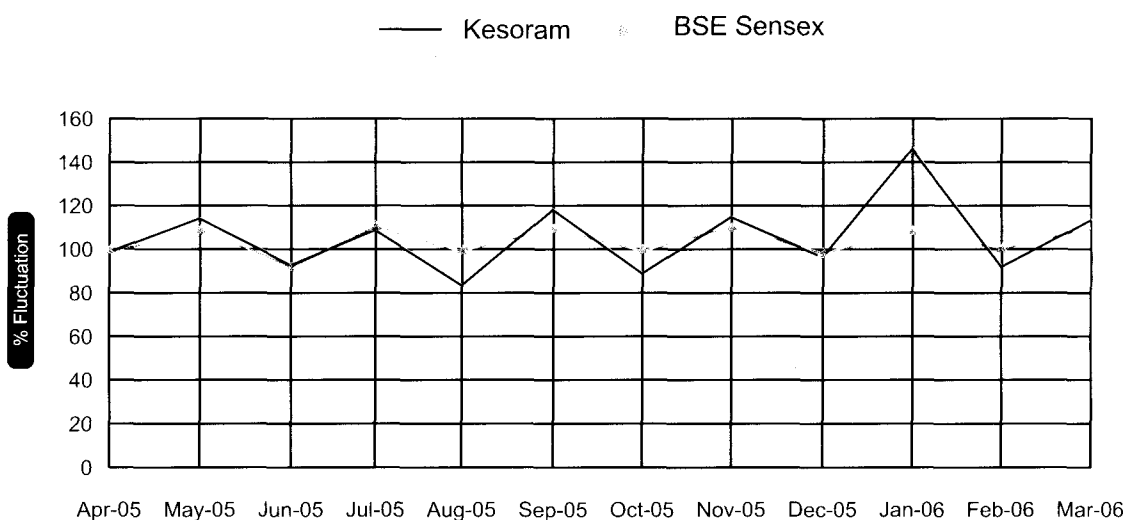
Increased Sales

Improved Profitability

Enhanced EPS



Comparison between Kesoram Median Price Variation and BSE Sensex Variation in Percentage



Date

Stock Market Price Data

Month	Calcutta Stock Exchange		Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low	High	Low
April, 2005	N.T.	N.T.	132.45	115.95	135.40	113.50
May, 2005	N.T.	N.T.	133.00	122.50	136.30	118.00
June, 2005	119.90	107.25	129.85	109.70	133.00	108.00
July, 2005	N.T.	N.T.	130.55	115.20	134.20	114.60
August, 2005	N.T.	N.T.	175.30	121.85	185.90	121.50
September, 2005	171.50	171.50	180.40	157.65	184.00	153.00
October, 2005	N.T.	N.T.	170.20	136.20	172.00	128.00
November, 2005	N.T.	N.T.	163.40	144.85	163.35	136.00
December, 2005	N.T.	N.T.	160.50	146.05	165.00	143.00
January, 2006	N.T.	N.T.	175.70	153.40	181.00	152.60
February, 2006	N.T.	N.T.	177.00	158.05	185.00	155.60
March, 2006	192.90	170.25	211.90	178.60	220.00	169.00

AWARDS

Cement Sections



Shri S.V. Tapadia,
Jt. President (Fin. & Admn.) receiving the
Best Workers' Welfare Activity Award
for 2004-05 by FAPCCI
from the Chief Minister of A.P.,
Dr. Y.S. Rajasekhara Reddy.

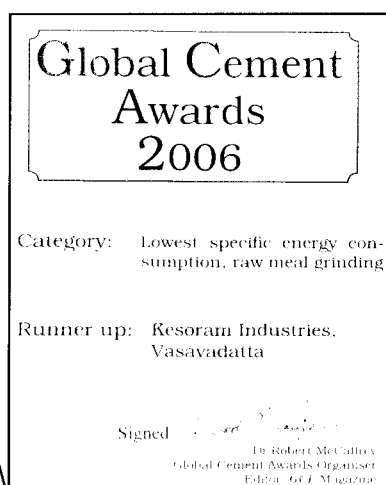
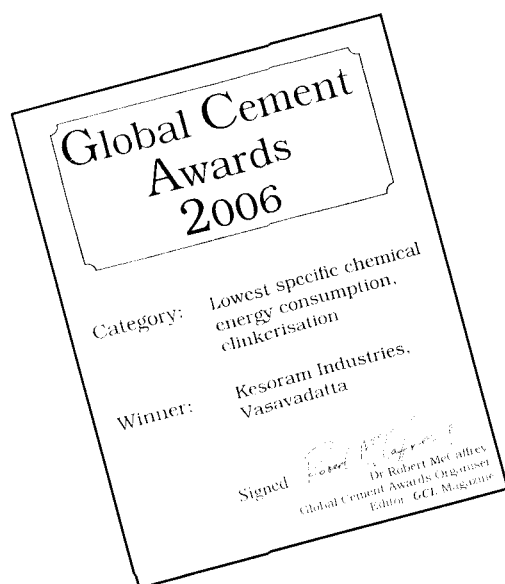
**NCBM (National Council for Cement
and Building Materials)**
**Award for Best Improvement in
Thermal Energy Performance
and**
**2nd Best Environment Excellence
in Limestone Mines**
Presented by Shri P.C. Meena,
Director of Industries & Commerce-
Industrial Policy & Promotion, Govt. of India
to Shri V.K. Pasricha,
Executive of our Delhi Office.



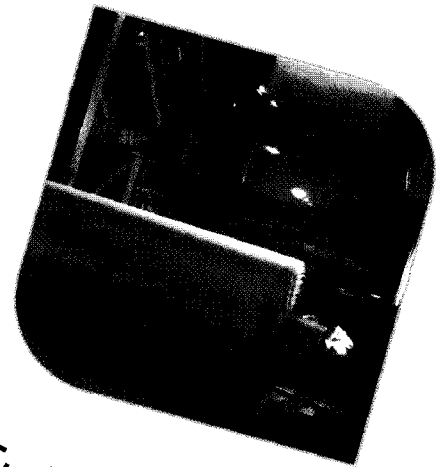
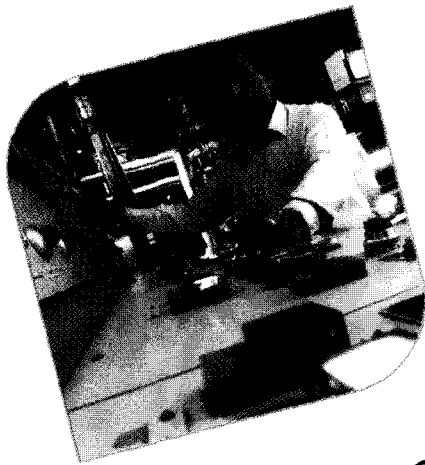
Cement Sections



Shri P.K. Goyenka, President, Vasavadatta Cement receiving the **Global Cement Awards 2006**, from Dr. Robert McCaffrey, Editorial Director, Global Cement & Lime Magazine, at the concluding function of the 6th European Cement Conference held in London on 14th March, 2006.



Birla Tyres Section



Golden Peacock National Training Award



2005

The Golden Peacock National Training Award

received from Institute of Directors, New Delhi by the Tyre Section in recognition of its HRD practices.

