

MEETING NEW CHALLENGES EVERYDAY!

**KESORAM
INDUSTRIES
LIMITED**



88TH ANNUAL REPORTS & ACCOUNTS 2006-07



Shri Basant Kumar Birla
Chairman

Message of the Chairman

We have much to feel happy that India remains one of the world's fastest growing economies with our GDP registering a rise of 9.2 per cent during 2006-07 on the back of a 9 per cent improvement in the previous year. There is no doubt that such sterling performance of the economy, which is rightly winning global plaudits, is because of the reforms and a conscious decision to give a free play to entrepreneurial genius of the citizens. It is not only the outstanding growth, which calls for celebration. But we also find at the same time that the macroeconomic fundamentals like progress is fiscal consolidation and improvement in balance of payments position are becoming stronger. I feel that we should be able to achieve the annual average growth target of 9 per cent during the current Eleventh Five Year Plan (Plan). What is particularly gratifying is the 10 per cent growth of the industrial sector, with the manufacturing sub-sector growing at a good 11.3 per cent. Such performance of the industrial sector should remain sustainable since we have been seeing a marked rise in the investment rate in recent years.

While there is much to cheer about the economy, I am concerned about supply side constraints contributing to inflation and a disappointing 2.7 per cent growth of agriculture last year, again a cause of inflation. Capacity utilization in most industries is high and therefore, supply improvement of industrial products call for creation of new capacities at a rapid pace.

The Indian cement industry, the world's second largest with capacity of 165 million tones, once again gave a good account of itself last year when dispatches were up 11.3 per cent to 151.8 million tones. In my opinion, the challenge for the industry is to see that the announced fresh capacity of 80 million tones is commissioned in time. The plan projection is that demand for cement will be growing 11.5 per cent at Compounded Annual Growth Rate (CAGR) during the 11th plan period. It goes to the industry's credit that it is ploughing back surplus resources to create new capacities.

At the same time, the Indian automobile industry is doing excellently well and the country is emerging as an important production hub for automobiles, automotive components and tyres.

Never before has India invited as much global attention as is the case today. All this is because the world has finally come to appreciate the economic potential of the country and the quality of our human resources. As we continue to make inexorable progress to becoming a developed economy, the Indian economic experiment will be a source of inspiration for all other developing countries.

Basant Kumar Birla



88th ANNUAL REPORT & ACCOUNTS 2006-07

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,
Central Bank of India, Citibank N.A., HDFC Bank Ltd.,
Hongkong and Shanghai Banking Corpn. Ltd., ICICI
Bank Ltd., IndusInd Bank Ltd., Oriental Bank of
Commerce, 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

Board of Directors	4
Team of Executives	5
Performance Highlights	6
Award	8
Notice of Meeting	9
Directors' Report	11
Corporate Governance Report	18
Management Discussion and Analysis Report	29
Particulars of Employees' Statement	33
Statement of Conservation of Energy etc.	34
Summarised Balance Sheet for last five years	38
Summarised Profit & Loss Account for last five years	39
Auditors' Report	40
Balance Sheet	44
Profit and Loss Account	45
Schedules '1' to '18'	46
Cash Flow Statement	73
Balance Sheet Abstract	76

BOARD OF DIRECTORS



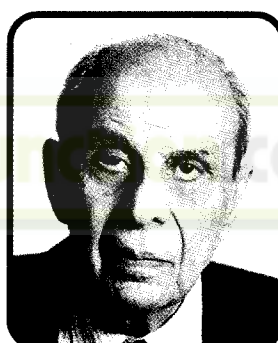
Shri Basant Kumar Birla
Chairman



Shri Krishna Gopal Maheshwari



Shri Bhagwati Prasad Bajoria



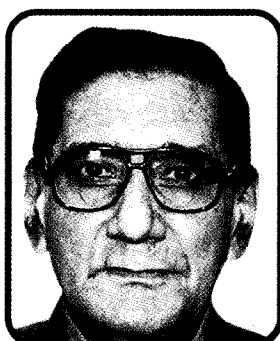
Shri Pesi Kushru Choksey



Shri Amitabha Ghosh



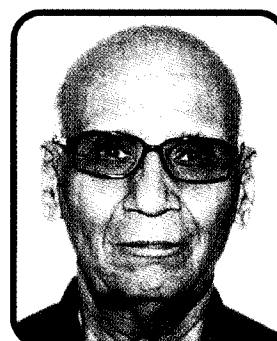
Shri Govind Ballabh Pande
(Nominee of LIC)



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	<i>President</i>
Shri P.R.Sharma	<i>Joint President</i>
Shri C.K.Jain	<i>Joint President (O&M and TPH)</i>
Shri P.S.Rao	<i>Joint President (Projects)</i>
Shri Yashwant Mishra	<i>Sr. Vice President & Marketing Head</i>
Shri O.P.Sharma	<i>Vice President (Commercial)</i>
Shri I.K.Purohit	<i>Vice President (Sales & Marketing)</i>
Shri R.K.Gandhi	<i>Vice President (Production & Quality Control)</i>
Shri A.C.Basak	<i>Vice President (Mines)</i>
Shri Ajit Kulkarni	<i>Vice President (HR)</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>
Shri Mahesh Agarwal	<i>Vice President (Technical)</i>
Shri Ashok Ostwal	<i>Vice President (Sales & Marketing)</i>

Birla Tyres Section

Shri Deepak 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 (Technical)</i>
Shri S.S.Singhania	<i>Vice President (Engineering)</i>
Shri S.K.Patodia	<i>Vice President (Commercial)</i>
Shri A.K.Kejriwal	<i>Vice President (Marketing)</i>

Spun Pipes Section

Shri P.P. Saha	<i>Sr. General Manager</i>
----------------	----------------------------

Hindusthan Heavy Chemicals Section

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

PERFORMANCE

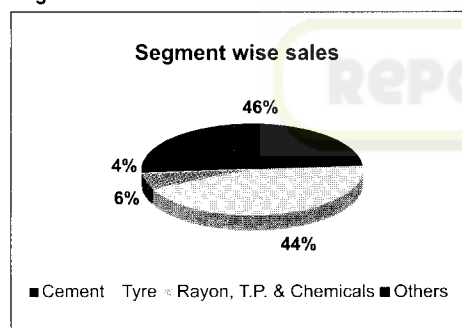
HIGHLIGHTS

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

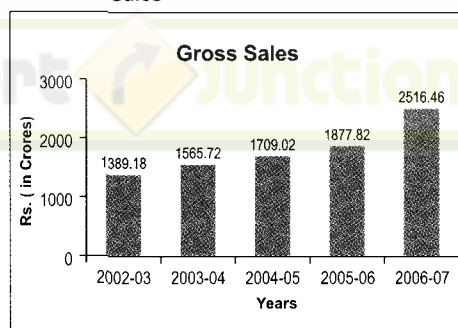
- Gross Sales have risen from Rs.1,877.82 Crores to Rs. 2,516.46 Crores.
- Profit after tax has increased from Rs. 45.71 Crores to Rs. 265.68 Crores.
- Earning per share has improved from Rs. 9.99 to Rs. 58.08.
- Dividend has been enhanced from Rs. 3.00 to Rs. 4.00 per share.
- Increased networth from Rs.416.05 crores to Rs.654.43 crores

The graphs below show the current year's segmentwise sales and previous five years position.

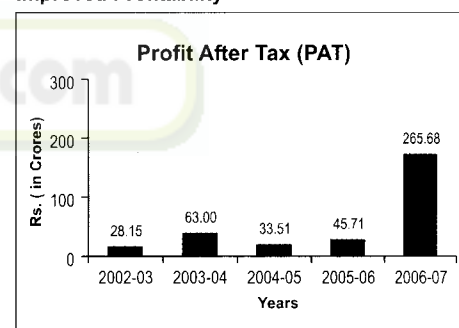
Segment wise sales



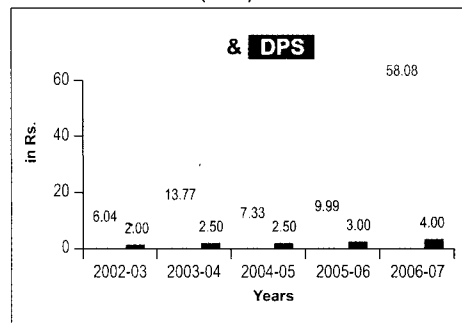
Increased Sales



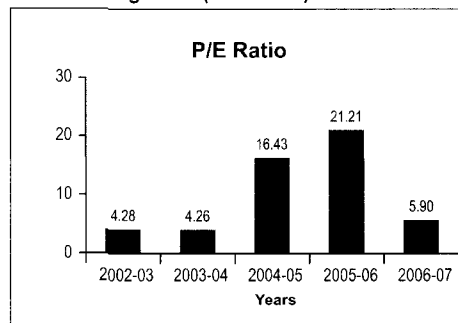
Improved Profitability



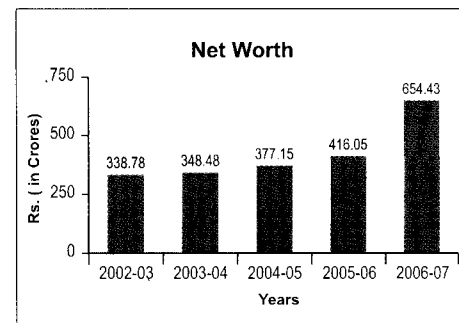
Enhanced Earning Per Share (EPS) & Dividend Per Share (DPS)



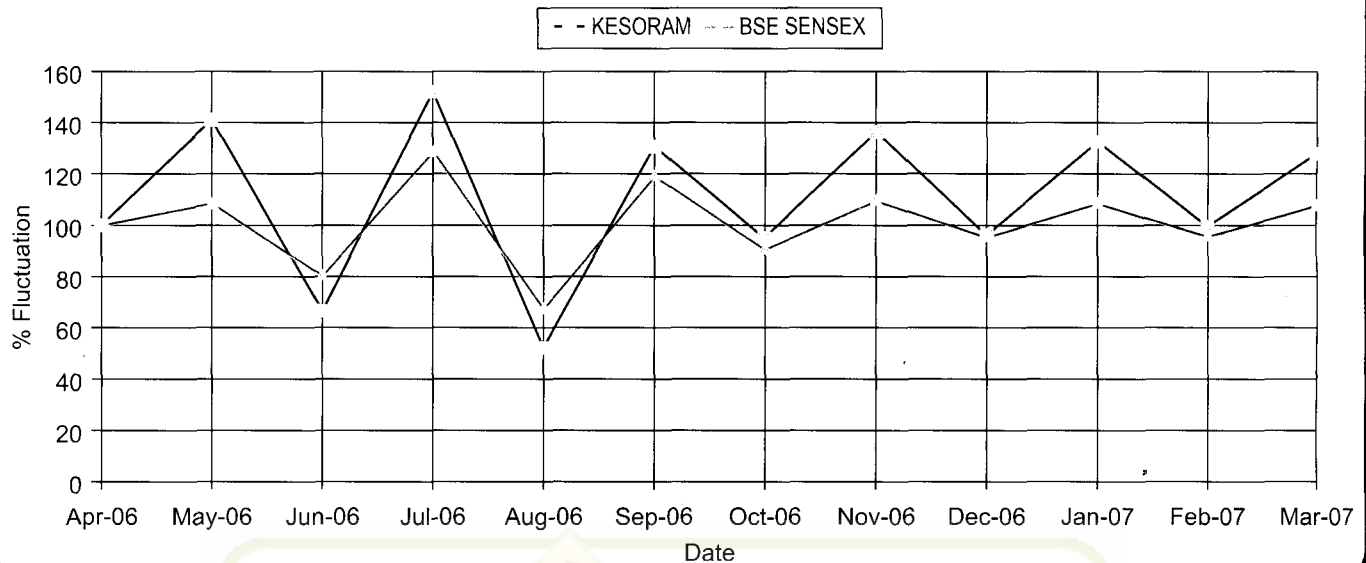
Price Earning Ratio (P/E Ratio) Pattern



Increased Net Worth



COMPARISON BETWEEN KESORAM MEDIAN PRICE VARIATION AND BSE SENSEX VARIATION IN PERCENTAGE



STOCK MARKET PRICE DATA

Month	Calcutta Stock Exchange		Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low	High	Low
April, 2006	301.10	274.10	319.90	227.10	312.80	216.60
May, 2006	N.T.	N.T.	327.65	215.75	347.00	194.00
June, 2006	N.T.	N.T.	227.20	173.80	245.70	170.05
July, 2006	N.T.	N.T.	300.70	217.85	311.00	215.10
August, 2006	N.T.	N.T.	390.00	292.60	398.40	289.00
September, 2006	N.T.	N.T.	503.55	390.75	512.00	378.05
October, 2006	N.T.	N.T.	517.15	453.25	523.00	445.00
November, 2006	N.T.	N.T.	572.55	498.65	590.00	486.00
December, 2006	N.T.	N.T.	575.85	494.90	589.70	481.00
January, 2007	N.T.	N.T.	622.50	508.55	648.00	501.00
February, 2007	N.T.	N.T.	530.85	400.20	542.00	385.65
March, 2007	N.T.	N.T.	363.95	330.10	408.00	314.70

AWARD



Shri K.C.Jain, Sr. President Cement Sections & Manager of the company receiving the **"Best Management Award 2007"** for the best management practices in Kesoram Cement Section on all fronts in the industry, from the Hon'ble Chief Minister Dr.Y.S.Rajasekhara Reddy, on behalf of the Government of Andhra Pradesh at Hyderabad.