# 96th Annual Report & Accounts 2015

KESORAM

KESORAM INDUSTRIES LTD.

# Chairman's Message

The global economic downtrend started in 2008 continues to create economic issues for all nations. Although the US economy shows improvement in some parameters, it is still not back to its strength. The Euro zone is beset with huge problems in Greece, in particular, and other countries such as Italy remaining weak. The influx of large number of refugees into Europe also introduces significant social and economic challenges in the Euro zone. Russia is reeling under the effects of sanctions and the Chinese economic slowdown has had a global impact.

In recent times India has successfully improved its economic performance but its sustainability is yet to be proven. Hence we continue to operate in an environment of uncertainty and we are reworking our strategies to ensure development and growth.

In 2014-15 we focused on re-organising our tyre business to ensure sutainable growth. I take pride that our management team has done this most commendably. This gives me great confidence in the future of our organization.

I wish to thank my colleagues on the Board, our employees and all other stakeholders for their continued faith and confidence in the Company.

**Basant Kumar Birla**

## BOARD OF DIRECTORS

**Basant Kumar Birla**, *Chairman*

**Manjushree Khaitan**, *Executive Vice Chairperson*

**Amitabha Ghosh**

**Vinay Sah**

**Lee Seow Chuan**

**Pesi Kushru Choksey**

**Kashi Prasad Khandelwal**

**Sudip Banerjee**

**Kamal Chand Jain**
*Whole-time Director*

## TEAM OF EXECUTIVES

**Arvind Kumar Singh** – *Chief Executive Officer - Business Operations*

**Tridib Kumar Das** – *Chief Financial Officer*

**Gautam Ganguli** – *Company Secretary*

**Animesh Banerjee** – *President, Cement*

**Roy Kurian Kuruvilla** – *President, Rayon*

## Registered Office

8th Floor, Birla Building
9/1, R. N. Mukherjee Road
Kolkata - 700 001
Phone No.: 033-22435453/22429454/22135121
Fax No.: 033-22109455, CIN: L17119WB1919PLC003429
Website: www.kesocorp.com; E-mail: corporate@kesoram.net

## Bankers

Axis Bank Ltd.
Bank of Baroda
DBS Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
IndusInd Bank Ltd.
Kotak Mahindra Bank Ltd.
Karur Vysya Bank Ltd.
Punjab National Bank
State Bank of Hyderabad
State Bank of India - *Lead Bank*
Standard Chartered Bank
The South Indian Bank Ltd.
Union Bank of India
YES Bank Ltd.

## Auditors

Messrs Price Waterhouse

## Share Transfer Agent

MCS Share Transfer Agent Limited, (Unit: Kesoram Industries Ltd.)
12/1/5, Manoharpukur Road, Kolkata - 700026
Phone No.: 033-40724051-54
Fax No.: 033-40724050
E-mail:mcssta@rediffmail.com

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

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

# CONTENTS


Notice ..... 06

Directors' Report ..... 19

Management Discussion and Analysis ..... 27

Corporate Governance Report ..... 30

Summarised Balance Sheet of the last five years ..... 65

Summarised Statement of Profit & Loss for the last five years ..... 66

Independent Auditor's Report ..... 67

Balance Sheet ..... 74

Statement of Profit & Loss ..... 75

Cash Flow Statement ..... 76

Notes ..... 78

# NOTICE

**TO THE MEMBERS**

NOTICE is hereby given that the **Ninety-sixth Annual General Meeting** of **KESORAM INDUSTRIES LIMITED** will be held at 11.00 A.M. on Saturday, the 12th day of December, 2015 at "Kala-Kunj" (within the premises of Kala Mandir), 48, Shakespeare Sarani, Kolkata – 700 017, to transact the following business:

**General Business:**

1. To receive, consider and adopt the audited Financial Statements consisting of the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, the Report of the Auditors thereon and the Report of the Board of Directors of the Company for the year ended 31st March, 2015.

2. To appoint a Director in place of Vinay Sah (DIN 02425847), who retires by rotation and being eligible, offers himself for re-appointment.

3. **To consider and, if thought fit, to pass the following as an Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and pursuant to the approval of Members at the Company's Ninety-fifth Annual General Meeting, the Company hereby ratifies the appointment of Messrs Price Waterhouse, Chartered Accountants (ICAI Firm Registration Number 301112E) as Auditors of the Company to hold office until the conclusion of the Company's Ninety-seventh Annual General Meeting, at a remuneration to be determined by the Board of Directors of the Company in addition to applicable Service Tax and payment / reimbursement of travelling and other out of pocket expenses as may be actually incurred by them during the course of Audit."

**Special Business:**

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

4. **"RESOLVED THAT** Lee Seow Chuan (DIN 02696217), who was appointed an Additional Independent Director on 8th August, 2014, be and is hereby appointed an Independent Director as per the provisions of Section 152(2) of the Companies Act, 2013 for a period of five years from the conclusion of this Ninety-sixth Annual General Meeting".

5. **"RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the following remuneration payable to the Cost Auditors (excluding applicable Service Taxes and payment/reimbursement of travelling and other out of pocket expenses) for conducting the audit of the Company's cost accounting records for the Financial Year 2014 - 15 be and is hereby ratified and confirmed:

| Name | Remuneration (₹ / lakh) |
|---|---|
| Mani & Co. | 5.73 |
| B. Ray & Associates | 1.82 |
| | **7.55** |

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

6. **"RESOLVED THAT** pursuant to Sections 196, 197 and Schedule V of the Companies Act, 2013 ("the Act") and the Rules made thereunder and subject to such approvals, if any, as may be necessary, including that of the Central Government, the consent of the Company be and is hereby accorded to the re-appointment of Kamal Chand Jain (DIN 00029985) as a Whole-time Director of the Company and payment of remuneration to him for a period of one year effective 1st April, 2015 upon the terms and remuneration set out herein below:

   a) *Basic Salary & Allowances :* not exceeding ₹ 35 lakhs per month as may be decided by the Board or any Committee thereof;

b) *Perquisites :*

i) House Rent Allowance, Ex-gratia, reimbursement of Leave Travel & Medical expenses for self and family: As per the Rules of the Company;

ii) Company's contribution towards Provident Fund & Superannuation Fund, Leave with full pay and allowances/ encashment and Gratuity: As per Rules of the Company. This shall be over and above the limit specified in (a) above;

iii) Car: Chauffeur driven car to be provided and maintained by the Company in relation to the Company's business only;

iv) Communication facility: Telephone, telefax and other communication facilities in relation to the business of the Company;

c) No fees payable for attending Meetings of the Board or any Committee thereof, where so appointed;

d) In the event of loss/inadequacy of profits during his tenure, the above remuneration including perquisites shall be payable as minimum remuneration, subject to such approvals as may be necessary, including that of the Central Government, required under Schedule V to the Act;

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

(a) by efflux of time; or

(b) by one party serving the other a three months' written notice; or

(c) by one party paying the other three months' remuneration as notice pay."

**7.** **"RESOLVED THAT** pursuant to Sections 196, 197 and Schedule V of the Companies Act, 2013 ("the Act") and the Rules made thereunder and subject to such approvals, if any, as may be necessary, including that of the Central Government, consent of the Company be and is hereby accorded to the appointment of Amolak Preet Singh (DIN 07019247), a non-resident Indian, as a Whole-time Director of the Company and payment of remuneration to him for the period commencing from 1st December, 2014 until 14th January, 2015, both days inclusive, upon the terms and remuneration set out herein below:

a) *Basic Salary & Allowances :* not exceeding ₹ 1.70 crores per annum;

b) *Perquisites :*

i) Company's contribution towards Provident Fund and Gratuity: As per Rules of the Company. This shall be over and above the limit specified in (a) above;

ii) Car: Chauffeur driven car provided and maintained by the Company in relation to the Company's business only;

iii) Communication facility: Telephone, telefax and other communication facilities in relation to the business of the Company.

c) No fees payable for attending Meetings of the Board or any Committee thereof, where so appointed.

d) In the event of loss/inadequacy of profits during tenure, the above remuneration including perquisites shall be payable as minimum remuneration, subject to such approvals as may be necessary, including that of the Central Government, under Schedule V to the Act.''

**8.** **"RESOLVED THAT** pursuant to Sections 196, 197 and Schedule V of the Companies Act, 2013 ("the Act") and the Rules made thereunder and subject to such approvals, if any, as may be necessary, including that of the Central Government, consent of the Company be and is hereby accorded to the payment of remuneration to Manjushree Khaitan (DIN 00055898), a Whole-time Director, for the period commencing from 1st April, 2015 to 4th February, 2018, both days inclusive, upon the terms of remuneration set out herein below:

a) *Basic Salary & Allowances: Not* exceeding ₹13,50,000/- per month as may be decided by the Board or any Committee thereof.

b) Provident Fund and Gratuity as per Rules of the Company.

c) No fees payable for attending Meetings of the Board or any Committee thereof, where so appointed.

d) In the event of loss/inadequacy of profits during tenure, the above remuneration including perquisites shall be payable as minimum remuneration, subject to such approvals as may be necessary, including that of the Central Government, under Schedule V to the Act.

e) Any expenditure wholly and exclusively incurred for the business of the Company will not be treated as remuneration. Such expenditure will either be paid by the Company directly or reimbursed to her.''

9. **"RESOLVED THAT** pursuant to Clause 49(V)(F) of the Listing Agreement and other applicable provisions of the Companies Act, 2013 and subject to such other approvals, as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include a Committee thereof authorised for the purpose) to divest its entire investment in its material non listed subsidiary Cavendish Industries Limited to such companies / entities as may be nominated by the JK Tyre Group;

   **RESOLVED FURTHER** that for the purpose of giving effect to the above Resolution, the Board is hereby authorised to finalise and execute agreements, and/or documents/papers as may be necessary and do all acts, deeds and things as are or may be expedient under the circumstances."

10. "**RESOLVED THAT** pursuant to the provisions of Section 13 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) and re-enactment thereof, for the time being in force), the existing Memorandum of Association of the Company be and is hereby replaced with a new Memorandum of Association as placed before the Members at this Meeting and initialled by the Company Secretary for the sake of identification that such new Memorandum of Association be and is hereby approved and adopted by the Company in substitution, and to the entire exclusion, of the Regulations contained in the existing Memorandum of Association of the Company.

    **RESOLVED FURTHER** that the Board of Directors of the Company or any other Committee thereof be and is hereby authorised to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

11. "**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) and re-enactment thereof, for the time being in force), the existing Articles of Association of the Company be and are hereby replaced with a new Articles of Association placed before the Members at this Meeting and initialled by the Company Secretary for the sake of identification, and such new Articles of Association be and are hereby approved and adopted in substitution, and to the entire exclusion, of the Regulations contained in the existing Articles of Association of the Company.

    **RESOLVED FURTHER** that the Board of Directors of the Company or any other Committee thereof be and is hereby authorised to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

***Registered Office:***
**9/1, R. N. Mukherjee Road,**
**Kolkata - 700 001**
**19th October, 2015**

**By Order of the Board**

**Gautam Ganguli**
***Company Secretary***

***Notes:***

1. **A Member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and a proxy need not be a Member of the Company. The Instrument of Proxy must be lodged with the Company not less than 48 hours before the Meeting.**

   **A person can act as a Proxy on behalf of Members not exceeding fifty and holding in aggregate shares not more than 10 percent of the total Share Capital of the Company.**

   **Proxies submitted on behalf of companies must be supported by an appropriate Resolution/Authority, as applicable.**

2. The Register of Members shall remain closed from 6th December, 2015 to 12th December, 2015 *(both days inclusive).*

3. The relevant Statement, pursuant to Section 102(1) of the Companies Act, 2013 ("***the Act***") in respect of the items of Special Business is annexed hereto.

4. **As per Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement entered with the Stock Exchanges, the Company is providing the facility of casting votes through the electronic voting system from a place other than the venue of the Meeting ("remote e-Voting")**

**under an arrangement with The National Securities Depository Limited ("NSDL") as specified more fully in the instructions hereunder:**

**(a) The items of business set out in the attached Notice may, however, be transacted also through the electronic voting system as an alternative mode of voting provided that once a vote on a Resolution is cast, a Member shall not be allowed to change it subsequently or cast the vote again.**

**(b) The facility for voting through Ballot Paper shall also be made available at the Meeting venue and Members attending the Meeting, who have not already cast their vote by remote e-Voting, shall be permitted to exercise their rights at the Meeting.**

**(c) The Members who have cast their vote by remote e-Voting prior to the Meeting may attend the Meeting but shall not be entitled to cast their vote again.**

**5.** The Notice of Meeting will also be available on the Company's website **www.kesocorp.com** and the website of The National Securities Depository Limited ("***NSDL***") at **www.evoting.nsdl.com**.

**6.** A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the **"cut-off date" *i.e.* 5th December, 2015**, shall be entitled to avail the facility of either remote e-Voting or voting at the Annual General Meeting ("***AGM***") through Ballot Paper. A person who is not a Member on the cut-off date should treat this Notice for information purposes only.

**7.** **Members holding shares in physical form are requested to notify change of address,** if any, along with address proof i.e. Voter Identity Card, Aadhaar Card, Electric/Telephone Bill, Driving License or a copy of the Passport and Bank Statement to the **Share Department of the Company / Registrar and Share Transfer Agent** and, in case the shares are held in dematerialised form, then this information should be passed on to the respective **Depository Participant(s)** and not to the **Share Department of the Company / Registrar and Share Transfer Agent**.

**8.** In case the mailing address mentioned on the envelope of this Annual Report is either without Pin Code or with incorrect Pin Code, Members are urged to advise the correct Pin Code to the **Share Department of the Company / Registrar and Share Transfer Agent** or the respective **Depository Participant(s),** as the case may be, immediately, for speedier delivery in future.

**9.** **(a)** Members desirous of receiving Notices and/or documents from the Company through the **electronic** mode are urged to update their email addresses with their **Depository Participant(s),** where shares are held in electronic form or the **Share Department of the Company / Registrar and Share Transfer Agent** where shares are held in physical form.

**(b)** Email addresses of Members as advised to **the Share Department of the Company/Registrar and Share Transfer Agent** where shares are held in physical mode or **registered with Depositories** where shares are held in the electronic mode will be deemed to be the Member's registered email address for serving Company documents/notices as per provisions of the Act and the instructions of the Ministry of Corporate Affairs. Members intending to refresh/update their email addresses should do so as soon as possible.

**10.** Members holding Shares, in physical form, in identical order of names in more than one Folio, are requested to write to the **Share Department of the Company / Registrar and Share Transfer Agent** enclosing the relevant Share Certificates requesting consolidation of such Folios into one Folio for your own convenience.

**11.** As per the provisions of the Act, the facility for making /varying/ cancelling nominations is available to individuals holding shares in the Company. Nominations can be made in **Form SH-13** and any variation/ cancellation thereof can be made by giving notice in **Form SH-14,** prescribed under the Companies (Share Capital and Debentures) Rules, 2014 for the purpose. The Forms can be obtained from the **Share Department of the Company / Registrar and Share Transfer Agent or from the Website or the Ministry of Corporate Affairs at www.mca.gov.in.**

**12.** (a) Pursuant to the provisions of Section 205A read with Section 205C of the Companies Act, 1956 and Sections 124 and 125 of the Act, dividends for the financial year ended 31st March, 2009 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the **'Investor Education and Protection Fund'** ("***IEPF***") constituted by the Central Government. Members, who have not encashed their *dividend, warrant(s)* for the Financial Year ended 31st March, 2009 or any subsequent Financial Year(s) are urged to claim such amount from the **Share Department of the Company/Registrar and Share Transfer Agent**.

(b) Pursuant to the Provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded details of unpaid and unclaimed amounts lying with the Company as on 8th July, 2014 (the date of the last Annual General Meeting) on the website of the Company **www.kesocorp.com** and also on the website of the Ministry of Corporate Affairs.

**13**. The last dates of claim for the following dividends are as follows:

| Dividend for the Financial Year ended | Date of declaration of Dividend | Last date for claiming unpaid Dividend |
|---|---|---|
| 31st March, 2009 | 31st October, 2008*(Interim)* | 30th November, 2015 |
| 31st March, 2009 | 26th June, 2009 | 25th July, 2016 |
| 31st March, 2010 | 30th October, 2009*(Interim)* | 29th November, 2016 |
| 31st March, 2010 | 1st July, 2010 | 30th July, 2017 |
| 31st March, 2011 | 10th November, 2010*(Interim)* | 8th December, 2017 |
| 31st March, 2011 | 5th July, 2011 | 3rd August, 2018 |
| 31st March, 2012 | 11th July, 2012 | 9th August, 2019 |
| 31st March, 2013 | 31st July, 2013 | 2nd September, 2020 |

**14**. a) Electronic copy of the Annual Report 2014 - 15, Notice of the aforesaid AGM, inter alia, indicating the process and manner of remote e-Voting along with Attendance Slip and Proxy Form are being sent to all Members whose email IDs are registered with the Company's Registrar & Share Transfer Agent / Depository Participant(s) for communication purposes unless a Member has requested for a hard copy of the same. For Members who have not registered their email IDs, physical copies of the Annual Report 2014 - 15, Notice of the AGM along with Attendance Slip, Electronic Voting Particulars and Proxy Form are being sent to their registered addresses.

b) **Corporate Members/AOPs are required to send to the Company a certified copy of the Board Resolution, pursuant to Section 113 of the Act, authorising their representative to attend and vote at the Annual General Meeting.**

c) Members desirous of getting any information in relation to the Company's Annual Report 2014 - 15 are requested to address their query(ies) well in advance, i.e. at least 10 days before the Meeting, to the Company Secretary to enable the Company keep the information readily available at the Meeting.

d) Members holding shares in Electronic Form, are requested to bring their Depository ID Number and Client ID Number to facilitate their identification for recording attendance at the forthcoming Annual General Meeting.

**15.** Members are requested to claim their unclaimed shares lying with the Company by sending proper documentary evidence to establish their bona fides. Till such claim, as per Clause 5A II of the Listing Agreement with the Stock Exchanges, voting rights on such shares shall remain frozen.

**16.** The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) for all securities market transactions. Thereafter, it was clarified vide Circular no. MRD/DOP/Cir-05/2009 dated May 20, 2009 that for securities market transactions and off market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for transferee(s) to furnish a copy of PAN Card to the **Share Department of the Company/ Registrar and Share Transfer Agent** for registration of such transfer of shares. Hence, Members holding shares in the electronic form are requested to submit their PANs to their Depository Participant(s) with whom they maintain their Demat Accounts. Members holding shares in physical form should submit their PAN details to the **Share Department of the Company / Registrar and Share Transfer Agent.**

**17. As per requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, particulars relating to appointment and reappointment of Directors are given in the Corporate Governance Section of the Annual Report.**

**18.** For those Members opting for remote e-Voting, the process and manner of remote e-Voting will be as follows:

**A.** The voting period begins from **9.00 A.M. on Wednesday, 9th December, 2015** and ends at **5.00 P.M. on Friday on 11th December, 2015.** During this period, Members of the Company, holding Shares either in physical form or in dematerialised form, as on the **cut-off date ("record date")** *i.e.* **5th December, 2015**, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. The facility for voting through Ballot Paper shall be made available at the Meeting to the Members as on the "**cut-off date**" i.e. **record date**, attending the Meeting, who have not cast their vote by remote e-Voting shall be able to exercise their right to vote at the Meeting through Ballot Paper.

**B.** In case a Member receives an email from NSDL:

(i) Open email and open PDF file *viz*; "KIL e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-Voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: **https://www.evoting.nsdl.com/**

(iii) Click on **Shareholder – Login**.

(iv) Put user ID and password as initial password/PIN noted in step (i) above. Click **Login**.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of remote e-Voting opens. Click on remote e-Voting: Active Voting Cycles.

(vii) Select "**EVEN**" of **"Kesoram Industries Limited"**.

(viii) Now you are ready for remote e-Voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "**Submit**" and also "**Confirm**" when prompted.

(x) Upon confirmation, the message "**Vote cast successfully**" will be displayed.

(xi) Once you have voted on a Resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorised to vote, to the Scrutiniser through email to banerjeesalil@rediffmail.com with a copy marked to evoting@nsdl.co.in

**C.** In case a Member receives physical copy of the Notice of AGM :

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

**EVEN (Remote e-Voting Event Number)** **USER ID** **PASSWORD/PIN**

(ii) Please follow all steps from Serial No 18B(ii) to (xii) above, to cast vote.

If you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password/PIN for casting your vote. You can also update your mobile number and email ID in the user profile details of the folio which may be used for sending future communication(s).

In case you have any queries or issues regarding remote e-Voting, you may refer the Frequently Asked Questions ("FAQs") and remote e-Voting user manual for Members available at the "downloads" section of **www.evoting.nsdl.com** or call on toll free No.: **1800-222-990**. Further queries relating to voting by electronic means or Resolutions proposed to be passed at the ensuing Annual General Meeting (AGM), may be addressed to Gautam Ganguli, Company Secretary at email: gg@kesoram.net or sharedepartment@kesoram.net.

**19**. Persons, who have acquired Shares and become Members of the Company after despatch of the Notice for the AGM, but before the **cut-off date**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or sharedepartment@kesoram.net. However, Members already registered with NSDL for remote e-Voting can use their existing user ID and passwords for casting their votes. If a Member has forgotten his password, he can reset his password by using "Forgot User Details/Password" option available on **www.evoting.nsdl.com** or contact NSDL at the following toll free No.: **1800-222-990**.

**20.** **V**oting rights of Members shall be in proportion to their share in the Company's Paid-up Equity Share Capital as on the **cut-off date**.

**21.** Salil Banerjee FCS, (CP Registration No. 1140), Practising Company Secretary, has been appointed as the Scrutiniser to enable the voting and remote e-Voting processes to be conducted in a fair and transparent manner.

**22.** The Chairman / person shall, at the end of discussion on the Resolutions on which voting are to be held, allow voting by use of Ballot Paper for those Members present at the AGM but have not cast their votes through the remote e-Voting facility.

**23.** The Scrutiniser shall after the conclusion of voting at the AGM, first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman of the Meeting or a person authorised by him in writing, who shall countersign the same and declare the results of the voting forthwith.

**24.** The Results declared along with the Report of the Scrutiniser shall be placed on the website of the Company **www.kesocorp.com** and on the website of NSDL **www.evoting.nsdl.com** immediately after the declaration of result by the Chairman of the Meeting or the person authorised by him in writing. The results shall also be simultaneously communicated to the Stock Exchanges and displayed on the Notice Board of the Company at the Registered Office at 8th Floor, Birla Building, 9/1 R N Mukherjee Road, Kolkata - 700001.

**25.** On receipt of the requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Annual General Meeting.

**26.** The Landmark and Route Map of the venue of the AGM are given on the reverse of the Attendance Slip cum Proxy Form with the Annual Report 2014 - 15.

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## STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

**Item Number 4**

Lee Seow Chuan (DIN 02696217) was appointed an Additional Independent Director of the Company at a Board Meeting held on 8th August, 2014. The appointment was made based upon recommendations from the Board's Nomination and Remuneration Committee.

The Board is of the view that Lee Seow Chuan is a person of integrity, possesses the relevant expertise and acumen to function as an Independent Director. Moreover, he fulfills the conditions specified in the Companies Act, 2013 ("the Act") and the Rules made thereunder to act as Independent Director and that he is independent of the Management.

Lee Seow Chuan has furnished to the Board the requisite declarations contemplated under Section 149(7) of the Act stating that he is an Independent Director within the meaning of Section 149(6) of the Act.

In view of the above, approval of Members is sought, through an Ordinary Resolution, to appoint him as Independent Director for an initial term of five years from the conclusion of the Company's Ninety-sixth Annual General Meeting.

Brief particulars of Lee Seow Chuan is contained in the Report of Corporate Governance.

Lee Seow Chuan as an Independent Director shall abide by the Code for Independent Directors specified in Schedule IV of the Act, and shall be governed and guided in the manner similar to other Independent Directors of the Company.

Formal letter of appointment shall be issued to him once his appointment is confirmed at the forthcoming Annual General Meeting. The terms and conditions of appointment of Independent Directors are available on the Company's website: www.kesocorp.com and may be inspected by any Member at the Registered Office of the Company during normal business hours.

The Board is of the opinion that it would be in the interest of the Company to appoint Lee Seow Chuan as an Independent Director and the Resolution under Item No. 4 has been proposed to this end. The Board, therefore, commends the Ordinary Resolution to Members for acceptance.

Lee Seow Chuan, not being a retiring Director, his name has been proposed by a Member along with a deposit of ₹ 1 lakh. The deposit shall be refunded should Lee Seow Chuan be elected Director or secures more than 25% of the total valid votes cast on such Resolution.

Lee Seow Chuan should be deemed concerned or interested in the Resolution pertaining to his appointment. No other Director or Key Managerial Personnel or any of their relatives have any concern or interest in these Resolutions. The passing of this Resolution does not and will not relate to or affect any other Company.

**Item Number 5**

On the recommendation of the Audit Committee, the Board appointed Mani & Co. and B. Ray & Associates, Cost Accountants to audit the cost accounting records maintained by the Company for the Financial Year ended 31st March, 2015 at a total remuneration of ₹ 7.55 lakhs, excluding taxes and reimbursement of out of pockets as indicated in the text of the Resolution.

As required under Section 148(3) of the Act, the remuneration payable to the Auditors require ratification by Shareholders.

Resolution No. 5 has accordingly been proposed and the Company commends the Ordinary Resolution to Shareholders for acceptance.

No Director or Key Managerial Personnel or any relative of the Directors or Key Managerial Personnel have any concern or interest in the Resolution.

The passing of this Resolution does not and will not relate to or affect any other Company.

**Item Number 6**

Kamal Chand Jain's (DIN 00029985) appointment as Whole-time Director, expired by efflux of time at close of business on 31st March, 2015. Based upon the recommendations of the Nomination and Remuneration Committee, the Board re-appointed Kamal Chand Jain as a Whole-time Director for a period of one year effective 1st April, 2015.

In recognition of his vast experience that he has brought to bear on the Company over the years, the Board recommends his re-appointment as a Whole-time Director for another year effective 1st April, 2015. The remuneration offered to him is in line with the Company's Nomination and Remuneration Policy and present corporate trends taking due account of his seniority and his wealth of experience.

Kamal Chand Jain is neither a shareholder of the Company nor related to any Director or any other Key Managerial Personnel or Promoter of the Company.

As per Schedule V of the Act, his appointment and remuneration requires approval through a Special Resolution followed by approval from Central Government. The Board, therefore, commends for Shareholder approval the Special Resolution referred to in Item No. 6 of the Notice.

Brief particulars of Kamal Chand Jain in terms of Clause 49(VIII)(E) of the Listing Agreement are incorporated in the Report of Corporate Governance.

No Director other than him or Key Managerial Personnel or any of their relatives have any concern or interest, financial or otherwise in the Resolution.

As per the proviso to Section 102(2) of the Act, it is clarified that the proposed Resolution does not relate to or affect any other Company.

Information required to be disclosed under the Second Proviso to Section-II(B), Part-II of Schedule V of the Act is as follows :

(i) the proposed remuneration has been approved by a Resolution of the Nomination and Remuneration Committee and the Board ;

(ii) the Company has not defaulted in repaying its debt (including public deposits) or debentures or interest payable for a continuous period of thirty days in the preceding Financial Year before the date of appointment of Kamal Chand Jain ;

(iii) a Special Resolution is being passed at the forthcoming Annual General Meeting for payment of the remuneration for a period not exceeding three years.

(iv) a statement containing further information is set out hereunder :

**I. General Information:**

**(1) Nature of industry** :

The company is in the business of manufacturing and marketing Tyres, Cement, Rayon and Transparent Paper.

**(2) Date or expected date of commencement of commercial production** :

The Company was incorporated on 18th October 1919. It commissioned its Rayon manufacturing plant in 1959, Cement plants in 1969 and 1986 and the Tyre plants in 1991 and 2009.

**(3) In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus** :

Not applicable

**(4) Financial performance based on given indicators :**

| Particulars | 31.03.2015 (₹ / crore) |
|---|---|
| Gross Revenue from operations | 5248.81 |
| Net Revenue from operations | 4873.37 |
| Profit/(Loss) before Exceptional items and Tax | (775.88) |
| Exceptional Items | 409.20 |
| Profit/(Loss) before Tax | (366.68) |
| Tax Expenses | – |
| Profit/(Loss) for the Year | (366.68) |
| Equity Share Capital | 109.77 |

**(5) Foreign investments or collaborations, if any** :

None

**II. Information about the appointee**:

**(1) Background details** :

Kamal Chand Jain, a Chartered Accountant, joined the Company in February, 1966. He has spent considerable time in the Company's Cement Business and was instrumental in setting up manufacturing plants at Karimnagar in Andhra Pradhesh and Sedam in Karnataka.

**(2) Past remuneration** (excluding retiral benefits):

01.04.2013 to 31.03.2014 : ₹ 265.30 lakhs

01.04.2014 to 31.03.2015 : ₹ 314.04 lakhs

**(3) Recognition or awards** :

Kamal Chand Jain is recognised as an authority on the Cement Business.

**(4) Job profile and his suitability :**

Kamal Chand Jain is entrusted with the management of the whole of the affairs of the Company subject to the superintendence, control and direction of the Board. Within the above parameters, Kamal Chand Jain performs such duties as are or may be entrusted to him by the Board or its Committees from time to time.

He has wide ranging experience in manufacturing, quality consolidation, supply chain management, marketing, finance and administration.

**(5) Remuneration proposed:**

As set out in Resolution No. 6 of the Notice of the Annual General Meeting.

**(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) :**

Kamal Chand Jain's remuneration is in line with that drawn by his peers in the Industry.

**(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :**

Nil

**III. Other information:**

**(1) Reasons of loss or inadequate profits :**

Out of the three Businesses of the Company, the Tyre Business, the largest of the three, has under-performed over the last few years. The Cement Business, however, has been a consistent performer. The Tyre Business's under-performance compounded by a substantial debt burden has been the reason for the Company's losses.

**(2) Steps taken or proposed to be taken for improvement:**

The Company realises that its debt burden would need reduction.

To the above end, the Company is monetising a part of its assets so as to utilise the proceeds for reducing debt. Upon reduction of its debt burden, the Company will return to profitability as its businesses are inherently EBIDTA positive.

**(3) Expected increase in productivity and profits in measurable terms.**:

The Company's businesses are presently EBIDTA positive and are expected to remain so. These are being better focussed.

The Company draws immense strength from its long and established track record, satisfactory performance of its Cement Business, including through backward integration, diversified product profile, well accepted brands and strong marketing network.

**IV. Disclosures:**

The required disclosures are given in the Report on Corporate Governance annexed to the Directors' Report.

**Item Number 7**

The appointment of and remuneration to Amolak Preet Singh (DIN 07019247) from 1st December, 2014 to 14th January, 2015, both days inclusive, was approved by Shareholders through Postal Ballot by an Ordinary Resolution during the Financial Year 2014 - 15. These results were declared on 26th March, 2015.

During his period of employment, Amolak Preet Singh neither held any shares in the Company nor was he related to any Director or any other Key Managerial Personnel or Promoter of the Company.

As per the provisions of Second Proviso to Section - II(B), Part-II of Schedule V of the Act should the Resolution pertaining to his remuneration be passed as a Special Resolution with disclosures as set out in the proviso, then Central Government approval for such remuneration would not be required. Consequently, the Board commends for Shareholder approval the Special Resolution referred to in Item No. 7 of the Notice.

As per Section 196(4) of the Act, however, Amolak Preet Singh's appointment will require the approval of Central Government as he was not a resident of India for a continuous period of twelve months prior to taking up the Company's appointment.

No Director or Key Managerial Personnel or any of their relatives have any concern or interest, financial or otherwise in the Resolution.

As per the proviso to Section 102(2) of the Act, it is clarified that the proposed Resolution does not relate to or affect any other Company.

Information required to be disclosed under the Second Proviso to Section - II(B), Part-II of Schedule V of the Act is as follows :

(i) the payment of this remuneration has been approved by a Resolution of the Nomination and Remuneration Committee and the Board;

(ii) the Company has not made any default in repaying its debt (including public deposits) or debentures or interest payable for a continuous period of thirty days in the preceding Financial Year before the date of his appointment;

(iii) a Special Resolution is being passed at the forthcoming Annual General Meeting for payment of the remuneration for a period not exceeding three years.

(iv) a statement containing further information is set out hereunder :

**I. General Information:**

As mentioned in point Nos. (1) to (5) of General Information in Explanatory Statement of Item No. 6 above.

**II. Information about the appointee:**

(1) **Background details:**

An Engineer cum MBA, Amolak Preet Singh has over 23 years experience across a wide range of Industries.

(2) **Past remuneration**:

In his past employment when he was based outside the country, he drew a remuneration the rupee equivalent of which was around ₹ 1.60 crores in his last year of employment.

(3) **Recognition or awards :**

Nil

(4) **Job profile and his suitability:**

Amolak Preet Singh has varied experience in the management of several business enterprises. These were not restricted to India alone.

(5) **Remuneration proposed :**

₹ 1.70 crores per annum.

(6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) :**

The remuneration offered to Amolak Preet Singh is considered reasonable and is comparable to his peers in Industry.

(7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:**

Nil

**III. Other information:**

As mentioned in Point Nos. (1) to (3) of Other Information of Explanatory Statement of Item No.6 above.

**IV. Disclosures:**

The required disclosures are given in the Report on Corporate Governance annexed to the Directors' Report.

**Item Number 8**

Manjushree Khaitan (DIN 00055898) was originally appointed Whole-time Director (designated Executive Vice Chairperson) for a period of five years effective 5th February, 2013.

Considering the time and effort that Manjushree Khaitan has been devoting to the Company, the Board, based upon a recommendation by its Nomination and Remuneration Committee, decided that subject to the required approvals she should be appropriately remunerated.

Accordingly, as approved by its Nomination and Remuneration Committee, the Board seeks Shareholder approval to pay a remuneration to Manjushree Khaitan as per parameters indicated in the text of the Resolution No. 8 of the attached Notice for a period from 1st April, 2015 to 4th February, 2018.

Manjushree Khaitan joined the Company's Board as a Non-Executive Director on 20th October 1998. She has been associated with plantations and various manufacturing units for over three decades. The remuneration offered to her is in line with the Company's Nomination and Remuneration Policy and present corporate trend, taking due account of her stature and vast experience.

Manjushree Khaitan holds 5,98,356 Equity Shares of the Company being 0.545% of the paid-up Equity Share Capital of the Company and is related to Basant Kumar Birla, a Promoter of the Company as well as also the Chairman of the Board.

As per Section II of Part II of Schedule V of the Companies Act, 2013 (''the Act"), payment of remuneration to her requires Shareholder approval through a Special Resolution. Consequently, the Board commends the Special Resolution referred to in Item No. 8 of the Notice for approval.

Brief particulars of Manjushree Khaitan in terms of Clause 49(VIII)(E) of the Listing Agreement are incorporated in the Report of Corporate Governance.

Other than Basant Kumar Birla and Manjushree Khaitan, no other Director or Key Managerial Personnel or any of their relatives have any concern or interest, financial or otherwise in the Resolution.

As per the proviso to Section 102(2) of the Act, it is clarified that the proposed Resolution does not relate to or affect any other Company.

Information required to be disclosed under the Second Proviso to Section-II(B), Part-II of Schedule V of the Act is as follows :

i. the proposed remuneration has been approved by a Resolution of the Nomination and Remuneration Committee and the Board ;

ii. the Company has not made any default in repaying its debt (including public deposits) or debentures or interest payable for a continuous period of thirty days in the preceding Financial Year;

iii. a Special Resolution is being passed at the forthcoming Annual General Meeting for payment of the remuneration for a period not exceeding three years :

iv. A statement containing further information is set out hereunder :

**I. General Information:**

As mentioned in point Nos. (1) to (5) of General Information in Explanatory Statement of Item No. 6 above.

**II Information about the appointee:**

(1) **Background details :**

Manjushree Khaitan, a Post Graduate in English Literature has attended Executive Development Programmes at the London Business School, U.K. and IMD, Switzerland. She joined the Company's Board on 20th October, 1998. She has been associated with plantations and various manufacturing units for over three decades.

(2) **Past remuneration**:

Nil

(3) **Recognition or awards :**

Nil

(4) **Job profile and his suitability :**

Manjushree Khaitan is entrusted with the management of the whole of the affairs of the Company subject to the superintendence, control and direction of the Board. Within the above parameters, Manjushree Khaitan performs such duties as are or may be entrusted to her by the Board or its Committees from time to time.

(5) **Remuneration proposed:**

As set out in Resolution No. 8 of the Notice of the Annual General Meeting.

(6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) :**

Manjushree Khaitan's remuneration is lower than that drawn by her peers in Industry.

(7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :**

Nil

**III. Other information:**

As mentioned in Point Nos. (1) to (3) of Other Information of Explanatory Statement of Item No. 6 above.

**IV. Disclosures:**

The required disclosures are given in the Report on Corporate Governance annexed to the Directors' Report.

**Item Number 9**

As part of a debt restructuring exercise, the Company re-organised the Tyre Business during the Financial Year 2014 - 15. While the Balasore tyre manufacturing facility continues as part of the Tyre Business, the manufacturing facility at Laksar, District Haridwar in the State of Uttarakhand was transferred to a subsidiary, Cavendish Industries Limited ("***CIL***") upon obtaining the required approvals, including that of the shareholders under Sections 180, 186 and 188 of the Companies Act, 2013. A binding Term Sheet dated 12th September, 2015 has since been signed with the JK Tyre Group to transfer the Company's shareholding in CIL to this group from a date to be mutually agreed upon.

Clause 49(V)(F) of the Equity Listing Agreement provides that no listed Company shall dispose of its shareholding in its material subsidiary which would *inter alia*, reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% unless approved through a Special Resolution in general meeting, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court / Tribunal. The Company regards CIL to be a material subsidiary, in terms of the Company's Policy on Material Subsidiaries.

In view of the above, the Board recommends the Special Resolution under Item No. 9 of the attached Notice for approval by shareholders.

Amitabha Ghosh, an Independent Director of the Company is the Company's nominee on the Board of CIL as per Clause 49(V)(A) of the Listing Agreement. Tridib Kumar Das, Chief Financial Officer and Gautam Ganguli, Company Secretary of the Company are also Chief Financial Officer & Company Secretary respectively of CIL. Subject to the above, no Key Managerial Personnel, Director, relative of Key Managerial Personnel or Director of the Company are financially or otherwise concerned or interested in the Resolution.

As per the proviso to Section 102(2) of the Act, the proposed Special Resolution relates to and affects CIL in which the Company holds 99.99% of the Paid-up Equity Share Capital.

No Key Managerial Personnel, Directors, (including Amitabha Ghosh) their relatives hold any shares in CIL.

**Item Numbers 10 & 11**

The Company's existing Memorandum of Association and Articles of Association ("***MoA and AoA***") is based on the Indian Companies Act, 1913 with necessary amendments to comply with the Companies Act, 1956.

In view of the implementation of the Companies Act, 2013, it was found desirable to remodel the Company's entire MoA and AoA to conform with the provisions of the Act.

Given this position, it is considered expedient to wholly replace the Company's existing MoA and AoA by a new set of MoA and AoA.

A draft of the MoA and AoA shall remain available for inspection by Members from Monday to Friday between 3:00 P.M. to 5:00 P.M. A copy thereof is also hosted on the Company's website.

No Director or Key Managerial Personnel or any of their relatives have any concern or interest in the Resolutions. The passing of the Resolutions do not and will not relate to or affect any other Company as per the proviso to Section 102(2) of the Act.

The Board of Directors recommends the Special Resolutions set out at Item Nos. 10 and 11 of the Notice for approval by Members.

***Registered Office:***
**9/1, R. N. Mukherjee Road,**
**Kolkata - 700 001**
**Date: 19th October, 2015**

**By Order of the Board**

**Gautam Ganguli**
***Company Secretary***

# REPORT OF THE DIRECTORS

**FOR THE YEAR ENDED 31st MARCH, 2015**

The Board presents its Ninety-sixth Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2015.

**FINANCIAL RESULTS**

₹ / crore

| Particulars | 31st March, 2015 | 31st March, 2014 |
|---|---|---|
| Total Revenue | **4939.12** | 5205.45 |
| Profit/(Loss) before interest, depreciation, tax and other amortisations ("EBIDTA") | **181.60** | 410.63 |
| *Add:* Exceptional Income | **409.20** | – |
| *Less :* | | |
| Depreciation and Amortisation Expenses *(Net of transfer from Revaluation Reserve)* | **276.90** | 318.10 |
| Finance Costs | **680.58** | 572.83 |
| Tax Expenses Net | **–** | 35.25 |
| | **957.48** | 926.18 |
| Loss for the year | **366.68** | 515.55 |
| Balance of Profit / (Loss) at the beginning of the year | **(221.67)** | 293.88 |
| *Add :* Loss for the year | **366.68** | 515.55 |
| Loss Carried Forward | **588.35** | 221.67 |

**DIVIDEND**

No dividend is recommended in view of the loss in respect of the Financial Year and non availability of carry forward surplus.

**SHARE CAPITAL**

The Paid-up Equity Share Capital as on 31st March, 2015 stood at ₹ 109.77 crores. The Company has not, during the year under report, issued any shares with or without differential voting rights, granted stock options or issued sweat equity shares.

**SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES**

Upon obtaining Shareholder approvals, the Company, during the year under report, issued 10.50% Secured Redeemable Non-Convertible Debentures amounting to ₹ 200 crores to Axis Bank Limited on private placement basis.

**DEPOSITS**

The Company has not, during the year under report, accepted any deposit within the meaning of Section 73 of the Companies Act, 2013 ("the Act").

Deposits amounting to ₹ 5.46 lakhs from three persons remained unclaimed as at the end of the year. These depositors have once again been asked for instructions.

All deposits accepted as on 31st March, 2014 were fully repaid and there was no default whatsoever in repayment of any deposit.

There are, therefore, no deposits not in compliance with the requirements of Chapter V of the Act.

**GENERAL REVIEW**

The year under report was a watershed year for the Company.

The key change during the year under report was the re-organisation of the Tyre Business. This was achieved through the transfer of the tyre manufacturing facility at Laksar, District Haridwar, Uttarakhand as a going concern, effective close of business 31st March, 2015, to a subsidiary upon the receipt of the required Shareholder approvals under Sections 180(1)(a) and 188 of the Act. As at 31st March, 2015, the Company's shareholding interest in the subsidiary was in excess of 99%. This position continues as on date. The transfer was effected based upon a consideration of ₹ 2194.95 crores through the slump sale route under Section 50B of the Income Tax Act, 1961. A binding Term Sheet, dated 12th September, 2015, has since been executed with the JK Tyre Group for transfer of ownership of this subsidiary to this Group. An appropriate Resolution seeking shareholder consent for disposal of this material non-listed subsidiary has been proposed in the Notice convening the Ninety-sixth Annual General Meeting.

From the operations point of view, the year under report was disappointing. While the Earnings Before Interest, Depreciation, Taxes and other Amortisations ("EBIDTA") at ₹ 182 crores was positive, this was far lower than the previous year's figure of ₹ 411 crores. Several initiatives were taken during the year to address this position. The Tyre Business re-organisation was amongst them. Initiatives actioned upon by the Cement Business have begun yielding satisfactory returns. These will be consolidated going forward. Although the operating environment of the Rayon Business was demanding, its continuous spun yarn project which should go into full production during the current year should help alter future profitability dimensions.

A brief resume on the Performance Analysis of each Business during the year and the forward outlook appears in the Management Discussion & Analysis.

Kesoram Spun Pipes and Foundries and Hindustan Heavy Chemicals' manufacturing facilities continued to be under suspension of work.

**MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE**

A Management Discussion & Analysis and the Report on Corporate Governance are attached as **Annexures I and II** respectively of this Annual Report.

**ANNUAL GENERAL MEETING**

The Registrar of Companies, by an Order dated 10th August, 2015, extended the time for holding the Company's Ninety-sixth Annual General Meeting to 31st December, 2015. The Ninety-sixth Annual General Meeting will, therefore, be held on 12th December, 2015.

**RISK MANAGEMENT**

The Company has a Risk Management Policy to deal with perceived risks in its three businesses by identifying and evaluating business risks and opportunities.

Minimising the adverse impact on business objectives and thus further refining the Company's competitive advantage are key considerations underlying the Policy.

The approach to risk management is defined across the Company at various levels, including documentation and reporting, interspersed with diverse risk models to help identify risk trends, exposure and potential impact analysis at the corporate level.

**GOING CONCERN STATUS**

During the year under report, there were no significant or material orders passed by regulators or courts or tribunals impacting the Company's going concern status and/or its future operations.

**INTERNAL FINANCIAL CONTROL**

The Company has an adequate system of internal financial controls commensurate with its size and nature of business. Detailed procedures are in place to ensure that all assets are safeguarded and protected against losses, all transactions authorised, recorded and appropriately reported. The internal control system is monitored and evaluated by an Internal Audit team which interacts closely with the Audit Committee. No material issues in relation to the adequacy of Company's control systems were raised during the year.

**EVALUATION OF BOARD PERFORMANCE**

The Board carried out an annual evaluation exercise of its own performance, the performance of its Committees as well as those of individual Directors since the last Annual Report.

In evaluating its own performance, the Board looked closely, *inter alia*, at its own composition, diversity, acumen at its disposal, ability to strategise, competence in marrying plurality of views and the capability of functioning in an uncertain operating environment.

In evaluating the efficacy of its Committees, the Board's paramount consideration was the value that these were adding to its own role. The Board was of the considered view that each Committee handled its charge satisfactorily.

Each individual Director was appraised based upon background, competence, level of engagement at the Board level, capability of comprehending problem situations and suggesting solutions, interaction with Shareholders at Annual General Meetings as well as independence of judgment.

The evaluation exercises, in the opinion of the Board, were satisfactory and appraisal measures will be further fine tuned over time.

As required under Section VII of Schedule IV of the Companies Act, 2013, all Independent Directors together met during the year. No other person was present at the Meeting.

**NUMBER OF BOARD MEETINGS**

The Board met six times during the Financial Year 2014 - 15. Details of Meetings and the attendance of each Director is provided in the Report on Corporate Governance.

**NOMINATION AND REMUNERATION POLICY**

The Company has in place a formal Nomination and Remuneration Policy formulated as per the provisions of Section 178(3) of the Act as well as with Clause 49 of the Listing Agreement. The policy text is attached in **Annexure III** to this Report.

**AUDIT COMMITTEE**

The Board's Audit Committee comprises Pesi Kushru Choksey, Amitabha Ghosh, Vinay Sah, Kashi Prasad Khandelwal, Sudip Banerjee and Lee Seow Chuan. Pesi Kushru Choksey is Chairman of the Committee. Till he resigned from the Board on 8th June, 2015, Stephen John Dekrey was also a Member of the Committee. There were, during the year under report, no disagreements whatsoever between the Audit Committee and the Board. All recommendations of the Committee were accepted by the Board.

**CORPORATE SOCIAL RESPONSIBILITY**

The Company fully recognises its commitment to the fulfillment of its social responsibilities. Programmes to benefit the society in general and those living in the vicinity of its facilities in particular have been consistently implemented over the years. In so doing, the Company has been faithfully following and implementing the vision of its Chairman, Basant Kumar Birla, who instilled in the Company the consciousness of being responsive to the needs of those less privileged, especially those living in close proximity to its facilities. Such observance has been company policy for decades much before statutory mandates were even thought of.

The Company's responsibility to society was thus never bottled up within the confines of statutory enactments but absolutely free flowing arising as it did out of its own internal consciousness. The Company has not compromised on its commitment towards its social responsibilities even though under the provisions of Section 135(5) of the Act, it need not statutorily incur any social responsibility spending owing to the absence of profits over the last three years.

For the record and for complying with the provisions of Section 135 of the Act, the Company has codified a Corporate Social Responsibility Policy, the text whereof is available on www.kesocorp.com. As required under the provisions of this Section, it has also constituted a Corporate Social Responsibility Committee consisting of three Directors, Amitabha Ghosh, Manjushree Khaitan and Kamal Chand Jain. But the Company's determination to the cause of upliftment of the less privileged has conventionally been dehors statutory mandates.

Amongst the many dedicated social activities conducted by the Company during the year under report, the following are prominent:

- medical camps including conducting comprehensive health checks on local villagers ;
- installation of facilities for water purification to improve accessibility to potable water ;
- provision of street lights on certain arterial roads in adopted villages ;
- training villagers in water conservation methodologies ;
- animal husbandry camps including setting up of model dairy farms;
- imparting of vocational training spanning sections of the population around most facilities of the Company. These programmes enable a large number of unemployed or underemployed beneficiaries to transform themselves into self respecting earning family members. Tailoring, stitch craft and needlework training, computer literacy, pickle and papad making, feature prominently amongst the vocational training initiatives taken ;
- distribution of blankets in winter across all facilities to the less privileged;
- promotion of road safety and moulding the mindset of young adults to the need for observing road safety norms.

The Report on Corporate Social Responsibility (CSR) activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in **Annexure IV** to this Report.

**RELATED PARTY TRANSACTIONS**

Based upon Shareholder approvals granted under Section 188 of the Act, the Company's automotive tyre manufacturing facility at Laksar, District Haridwar, Uttarakhand was transferred during the year under report to Cavendish Industries Limited, a subsidiary of the Company.

Subject to the above, all related party transactions / arrangements entered during the year under report were on an arm's length basis and in the ordinary course of business.

There were, however, no materially significant related party transactions as contemplated under Section 188 of the Act read together with the relevant Rules as well as the Company's policy on related party transactions entered into by the Company with the Promoters, Directors, Key Managerial Personnel or other designated persons which could conflict with the interest of the Company as a whole.

As required under Clause 49 of the Listing Agreement, related party transactions are placed before the Audit Committee for approval. Where required, prior approval of the Audit Committee is obtained, on an omnibus basis, for continuous transactions and the corresponding actual transactions become a subject of review at subsequent Audit Committee Meetings.

As required under Rule 8(2) of the Companies (Accounts) Rules, 2014, the completed Form of AOC-2 is attached in **Annexure V** to this Report.

The approved Related Party Transaction Policy of the Company appears on its website with web link *www.kesocorp.com/DOCS/management_corner.php#slide_5*.

**SUBSIDIARY AND JOINT VENTURE COMPANY**

As at 31st March, 2015, the Company had a subsidiary, Cavendish Industries Limited ("Cavendish") and a Joint Venture Company Gondkhari Coal Mining Limited ("Gondkhari").

Effective close of business 31st March, 2015, the Company's automotive tyre manufacturing facility at Laksar, District Haridwar, Uttarakhand was transferred, upon obtaining Shareholder approvals, to Cavendish. As at close of business on 31st March, 2015, the Company held 99.99% of the Cavendish shareholding. This shareholding position continues as on date. Cavendish, however, had no material operations to report during the year under report. As already stated elsewhere in this Report, it is proposed to transfer the Company's ownership of Cavendish to the JK Tyre Group. Consequently, Cavendish is held for disposal in the near future.

The Company's policy on material subsidiaries appears on its website www.kesocorp.com

Gondkhari was incorporated in 2008 as a Joint Venture between the Company (45.46% shareholding), Maharashtra Seamless Limited (30.30% shareholding) and Dhariwal Infrastructure Limited (24.24% shareholding). The joint venture was set up as per approval

accorded by the Central Government which had, in November, 2008, allocated the Gondkhari Coal block in the State of Maharashtra to the Joint Venture. The coal block was de-allocated by the Central Government in November, 2012. The Supreme Court, vide judgment dated 25th August, 2014, read with Order dated 24th September, 2014, has cancelled the allocation of all coal blocks (including Gondkhari) by the Central Government. This significantly impairs Gondkhari's ability to continue as a joint venture. This restriction, therefore, severely limits Gondkhari's ability to transfer fund to its parents.

In view of the above and given that as per Paragraphs 11 and 28 of Accounting Standard ("AS") 21 and 27 respectively, consolidation of the Financial Statements of these companies as at 31st March, 2015 are not mandated, a Report on the performance and financial position of these companies, as required under Rule 8(1) of the Companies (Accounts) Rules, 2014, is not annexed.

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Except for an investment of ₹ 700,04,60,000 in its material non-listed subsidiary, Cavendish, upon obtaining such approvals, as were necessary, the Company has given no loans or corporate guarantees or made any other investment covered under Section 186 of the Act during the year under report.

**VIGIL MECHANISM**

The Company has a codified whistle blower policy which is hosted on its website www.kesocorp.com.

**STATUTORY AUDITORS**

Shareholders have already reappointed, at the Company's Ninety-fifth Annual General Meeting, Price Waterhouse, Chartered Accountants, Kolkata (Firm Regn. No.301112E) as the Company's Auditors for a period of three years till the conclusion of the Company's Ninety-eighth Annual General Meeting. Their appointment needs to be ratified by shareholders at the Company's forthcoming Ninety-sixth Annual General Meeting for which an appropriate Resolution is proposed at the Annual General Meeting.

**COST AUDITORS**

The Board, upon a recommendation from the Audit Committee, appointed Mani & Co. and B. Ray & Associates, Cost Accountants as Cost Auditors to audit the cost accounting records maintained by the Company for the Financial Year ended 31st March, 2015 at a total remuneration of ₹ 7.55 lakhs, excluding taxes and reimbursement of out of pockets as indicated in the matrix below :

| **Product** | **Name of Cost Auditor** | **Remuneration** *(₹ in lakh)* |
|---|---|---|
| Cement | Mani & Co. | 2.56 |
| Tyre, Tube & Flaps | Mani & Co. | 3.17 |
| Rayon | B. Ray & Associates | 0.75 |
| Transparent Paper | B. Ray & Associates | 0.50 |
| Inorganic Chemicals | B. Ray & Associates | 0.57 |
| **Total** | | **7.55** |

As required under Section 148(3) of the Act, the remuneration payable to the Cost Auditors require ratification by Shareholders.

Accordingly, a Resolution seeking such ratification has been included as part of the Notice convening the Ninety-sixth Annual General Meeting.

**SECRETARIAL AUDITOR**

The Board appointed Salil Banerjee, FCS, Practising Company Secretary (CP Registration No. 1140) to audit the secretarial records of the Company in respect of the Financial Year 2014 - 15.

The Report of the Secretarial Auditor is attached in **Annexure VI** to this Report. There are no qualifications in the Report.

**PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other particulars as prescribed under the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are set out in **Annexure VII** and forms part of this Report.

In terms of Section 136 of the Act, this Annual Report and Accounts is being sent to each Member and others entitled thereto, excluding the information on employee particulars as per Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. This information is readily available for inspection by Members at the Company's Registered Office between 3.00 P.M. and 5.00 P.M. on all working days (excluding Saturdays) up to the date of the forthcoming Annual General Meeting. Should any Member be interested in obtaining a copy, s/he should write to the Company Secretary at the Company's Registered Office or send an email to cs@kesoram.net.

**DISCLOSURE UNDER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE**

No complaints on the issues covered by The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, were received during the year. Consequently, the question of disposal of complaints did not arise.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 134(5) the Act and, based upon representations from the Management, the Board, to the best of its knowledge and belief, states that :

(a) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) such accounting policies 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 at the end of the Financial Year ended 31st March, 2015 and of the loss for that period;

(c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Annual Accounts have been prepared on a going concern basis;

(e) internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

(f) proper systems have been devised to ensure compliance by the Company with the provisions of applicable laws and that such systems were adequate and working effectively.

**DIRECTORS**

Non Independent Director, Krishna Gopal Maheshwari's (DIN 00078470), seven decade long association as a Board Member came to an end owing to his demise on 5th December, 2014. The Board wishes to place on record its deep appreciation for the sagacious advice and wise counsel it received from him during his long tenure.

Pesi Kushru Choksey (DIN 00060508), Amitabha Ghosh (DIN 00055962), Kashi Prasad Khandelwal (DIN 00748523) and Sudip Banerjee (DIN 05245757), existing Independent Directors, were re-appointed as such for a period of five years at the Company's Ninety-fifth Annual General Meeting per Section 149 of the Act.

Steven John Dekrey (DIN 06906347) and Lee Seow Chuan (DIN 02696217) were appointed Additional Independent Directors during the year under report. Steven John Dekrey resigned from the Board effective 8th June, 2015. Lee Seow Chuan is, therefore, being proposed for appointment as an Independent Director at the forthcoming Annual General Meeting. This appointment will be for a period of five years from the conclusion of the Ninety-sixth Annual General Meeting as per the provisions of Section 149 of the Act. The Board wishes to place on record Steven John Dekrey's rich contributions to the deliberations of the Board and the Committee in which he was a Member during his brief association with the Company.

All Independent Directors have furnished to the Company the requisite declarations that they meet the independence criteria as laid down under Section 149(6) of the Act and the Listing Agreement.

Shareholders, at the Ninety-fourth Annual General Meeting, appointed Manjushree Khaitan (DIN : 00055898), Director, as Executive Vice Chairperson, for a period of five years effective 5th February, 2013, at 'Nil' remuneration. In view of the time and effort she has been devoting to the Company, the Board, based upon a recommendation of its Nomination and Remuneration Committee, has proposed that she be suitably remunerated effective 1st April, 2015. A Special Resolution to this effect is included as part of the Notice convening the Company's forthcoming Ninety-sixth Annual General Meeting for Shareholder approval.

Kamal Chand Jain's (DIN 00029985) tenure as a Whole-time Director expired by efflux of time effective close of business on 31st March, 2015. In recognition of his long experience with the Company, the Board recommends his re-appointment for a further period of one year effective 1st April, 2015. A Special Resolution to this effect is included as part of the Notice convening the forthcoming Ninety-sixth Annual General Meeting for Shareholder approval.

The appointment of and remuneration to Amolak Preet Singh (DIN 07019247) as a Whole-time Director from 1st December, 2014 to 14th January, 2015, both days inclusive, was approved by Shareholders during the year under report as an Ordinary Resolution through postal ballot. Amolak Preet Singh ceased association with the Company effective close of business on 14th January, 2015. His scale of compensation will require Shareholder approval through a Special Resolution. Accordingly, a Special Resolution is included as part of the Notice convening the forthcoming Ninety-sixth Annual General Meeting. In the event of the Special Resolution being passed, the payment of remuneration to him will not require Central Government approval. However, an application will have to be made to the Central Government, nonetheless, for approval to his appointment since at the time of his appointment he was a non resident Indian.

Vinay Sah (DIN 02425847), LIC Nominee on the Company's Board, retires by rotation and, being eligible, offers himself for re-appointment. An Ordinary Resolution is included as part of the Notice convening the forthcoming Annual General Meeting.

Brief profiles of Directors being appointed /re-appointed are given in the Report on Corporate Governance.

**KEY MANAGERIAL PERSONNEL**

Manjushree Khaitan, Executive Vice Chairperson, Kamal Chand Jain, Whole-time Director, Arvind Kumar Singh, Chief Executive Officer-Business Operations, Tridib Kumar Das, Chief Financial Officer and Gautam Ganguli, Company Secretary, continued to function as Key Managerial Personnel during the year.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given as **Annexure VIII** to this Report.

**MATERIAL CHANGES BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT**

The execution of a binding Term Sheet dated 12th September, 2015 with the JK Tyre Group for disposal of its material non-listed subsidiary, Cavendish Industries Limited, has already been covered elsewhere in this Report.

**EXTRACTS FROM ANNUAL RETURN**

Details forming part of extract from the Company's Annual Return in Form MGT 9 are furnished in **Annexure IX** to this Report.

**ANNEXURES FORMING PART OF THIS REPORT**

| Annexure | Particulars |
|---|---|
| I | Management Discussion & Analysis |
| II | Report on Corporate Governance |
| III | Nomination & Remuneration Policy |
| IV | Report on Corporate Social Responsibility (CSR) activities |
| V | Form AOC-2 |
| VI | Secretarial Audit Report |
| VII | Remuneration related disclosures per Section 197 |
| VIII | Energy Conservation Particulars |
| IX | Annual Return Extracts |

**APPRECIATION**

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

This Report will be incomplete without a specific appreciation for the Members of the Company who have shown immense confidence and understanding in the Company's well being.

**Kamal Chand Jain**
*Whole-time Director*

**Manjushree Khaitan**
*Executive Vice Chairperson*

**Arvind Kumar Singh**
*CEO - Business Operations*

**Tridib Kumar Das**
*Chief Financial Officer*

**Kashi Prasad Khandelwal**
**Sudip Banerjee**
*Directors*

**Gautam Ganguli**
*Company Secretary*

**Place: Kolkata**
**Date : 19th October, 2015**

*ANNEXURE - I*

# MANAGEMENT DISCUSSION & ANALYSIS

**Performance Overview**

A snapshot of the Company's Business-wise performance during the year appears below :

₹ / crore

| Sl. No. | Particulars | 2014 - 15 | 2013 - 14 |
|---|---|---|---|
| 1. | EBIDTA | | |
| a) | Cement | 434 | 277 |
| b) | Tyres | (167) | 212 |
| c) | Rayon | (28) | (6) |
| d) | Total EBIDTA before Corporate Expenses | 239 | 483 |
| e) | Corporate Expenses | 57 | 72 |
| | Total EBIDTA | 182 | 411 |
| 2. | Finance Cost including interest | 681 | 573 |
| 3. | Cash Loss (1 – 2) | 499 | 162 |

As would be evident from the above, if the performance of the Tyre and Rayon Businesses disappointed, Cement showed distinct improvement.

Finance costs increased significantly by ₹ 108 crores and constituted a major concern.

As part of a debt reduction exercise, the Company reorganised the Tyre Business during the year. While the Balasore manufacturing facility continues as part of the Tyre Business, the manufacturing facility at Laksar, District Haridwar in the State of Uttarakhand (''the Laksar facility") was transferred to a subsidiary. A binding Term Sheet, dated 12th September, 2015, has since been executed with the JK Tyre Group to transfer ownership of the subsidiary to this Group from a date to be mutually agreed upon. Pending formal transfer of the subsidiary to the JK Tyre Group, the Laksar facility is being used by the Tyre Business as a contract manufacture location.

The Company's decision to monetise the Laksar facility will ensure that its debt burden is lowered appreciably. This will give the Company the flexibility to carve out niches for itself in the Tyre Business. Such transformation in business methodology should result in lasting benefits for the Company. Several marketing and other initiatives have already taken up for further fortifying the "Birla Tyres" brand. Birla Tyres is today a principal sponsor of the Kolkata based Atletico De Kolkata ("***ATK***") football team for the Indian Super League, 2015.

**Business-wise Resumes and Outlook going forward**

Business wise resumes are appended. The Report focusses also on the Company's perception of the outlook of each Business going forward:

**The Year in Retrospect**

**Tyres**

The Tyre Business went through a difficult year. EBIDTA fell to a negative ₹ 167 crores against a positive ₹ 212 crores in the previous year.

A matrix showing the Tyre Business EBIDTA over the past three years is given below :

| Particulars | 2014 - 15 | 2013 - 14 | 2012 - 13 |
|---|---|---|---|
| EBIDTA – Tyre Business | (167) | 212 | 73 |

Sale volumes of commercial vehicle tyres declined so did export volumes.

Demand for commercial vehicle tyres both in the OEM as well as in the replacement category was depressed.

**Cement**

The Cement Business did well during the year despite sluggish demand and increased competition.

A table showing EBIDTA comparisons over the past three years is given below:

₹ / crore

| Particulars | 2014 - 15 | 2013 - 14 | 2012 - 13 |
|---|---|---|---|
| EBIDTA – Cement Business | 434 | 277 | 434 |

The Business augmented productivity, reinforced the supply chain mechanism and bettered margin management.

Sales in value terms grew to ₹ 2,017 crores as compared to ₹ 1,702 crores in the previous year, an increase of 18%. Although cement prices were volatile, the Business did well to ride this uncertainty. There was volume growth as well despite capacity additions by competition in the Business's serviced area.

**Rayon**

The Rayon Business operated under several challenges.

A table showing how the Rayon EBIDTA has moved over the last three years is appended :

₹ / crore

| Particulars | 2014 - 15 | 2013 - 14 | 2012 - 13 |
|---|---|---|---|
| EBITDA – Rayon Business | (28) | (6) | 5 |

The dominant challenge came from the operating environment. The viscose filament yarn industry in the country continues to battle a downturn occasioned by depressed demand and low priced imports. At the business level, the Business ran into quality issues on the manufacturing side. On the marketing side, pricing and poor off-take became performance determinants.

Demand for transparent paper during the year was depressed.

The Business, nevertheless, made select investments during the year to enhance quality and reliability.

**Outlook**

**Tyres**

The Tyre Business's core competency lies in its commercial vehicle bias tyres. The Business already has a national market share upwards of 10% in this segment. Latent demand for such tyres exist both in the domestic replacement and the overseas market and the emphasis would be to further stress on managing margins. The Balasore manufacturing facility already has existing capacity to fully service demand in the commercial vehicles bias tyre segment.

A new range of premium products – the "Platina" series is under development and should be in the market during the latter part of the current year.

As a means of further consolidating market share in two and three wheeler tyres in which the Business has a market share in excess of 10%, a brown field expansion will be undertaken at the Balasore manufacturing facility to service demand for such tyres. This expansion is expected to come on stream over the next few months. Dovetailed marketing initiatives have been planned to closely support this thrust.

Passenger car radials, a significant product segment in which the Tyre Business is not presently a participant, are also expected to be launched in the first quarter of the next Financial Year. This is a growing profitable segment. A team of global experts is working with the Business to develop a range of products to cater to both the domestic and international markets. The Business will begin reaping benefits from this development from the Financial Year 2016-17.

The Tyre Business's expanding presence in the growing market for commercial vehicle radial tyres where it currently commands a market share of 10% will continue unabated. This demand will be satiated by a brown field investment at Balasore as well as through third party manufacture as per designs and quality standards dictated by the Business.

**Cement**

The challenge before the Cement Business during the current year would be to reckon with capacity additions by competition in its serviced area. At the same time, as infrastructure development gains further ground, the overall demand for cement in its serviced areas should expand.

Action has, therefore, been taken on several fronts to further enhance profitability. The Business is proceeding on aggressive and innovative product promotions, incisive sale campaigns, new geography penetration and dealer network expansion. Equal focus will be given to the trade sector as well.

The Cement Business does seem headed for relative stability despite competitive pressures and is well on the road to becoming a significant player in its serviced areas.

**Rayon**

The Business expects to further diversify product offerings, including shifting to the more profitable low denier segment once its continuous spun yarn project goes into commercial production later during the current year.

As the previous paragraphs will show, the Company is aggressively reorienting itself to the changing operating environment. Inputs that are going into all three Businesses will help further enhance their efficiencies.

**Internal Control Systems and its adequacy**

This has already been covered in the Directors' Report.

**Material Developments in Human Resources**

Industrial relations were cordial during the year.

The Company realises that a committed and self motivated human capital is the key to continued growth in an adverse economic environment and is dedicatedly pursuing this goal.

**Kamal Chand Jain**
*Whole-time Director*

**Manjushree Khaitan**
*Executive Vice Chairperson*

**Arvind Kumar Singh**
*CEO - Business Operations*

**Tridib Kumar Das**
*Chief Financial Officer*

**Kashi Prasad Khandelwal**
**Sudip Banerjee**
*Directors*

**Gautam Ganguli**
*Company Secretary*

**Place: Kolkata**
**Date : 19th October, 2015**

*ANNEXURE - II*

# REPORT ON CORPORATE GOVERNANCE

## 1. GOVERNANCE PHILOSOPHY

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

## 2. BOARD OF DIRECTORS

**Composition of the Board, Directorships & Committee positions held in other Companies and shares held as on 31st March, 2015:**

As on 31st March, 2015, the Company had ten Directors. The composition of the Board complies with the provisions of the Companies Act, 2013 ("the Act") and the Listing Agreement. Details of Board composition are as follows:

| Directors | Designation | Category | No. of other Directorships held * | No. of Independent Directorships held in Listed Companies * | No. of other Board Committees ** (excluding*) | | Shareholding in the Company |
|---|---|---|---|---|---|---|---|
| | | | | | As a Member | As a Chairman / Chairperson | |
| Basant Kumar Birla | Chairman | Non–executive | 4 | None | None | None | 402496 |
| Manjushree Khaitan | Executive Vice Chairperson | Executive | 1 | None | 1 | None | 598356 |
| Krishna Gopal Maheshwari*** | Director | Non-executive | 1 | 1 | None | None | 1164 |
| Pesi Kushru Choksey | Director | Non-executive Independent | 1 | 1 | 2 | None | 500 |
| Amitabha Ghosh | Director | Non-executive Independent | 4 | 3 | None | 2 | Nil |
| Vinay Sah | Nominee Director, LIC | Non-executive Independent | None | None | None | None | Nil |
| Kashi Prasad Khandelwal | Director | Non-executive Independent | 2 | 2 | 3 | None | Nil |
| Sudip Banerjee | Director | Non-executive Independent | 1 | 1 | None | None | Nil |
| Steven John Dekrey # | Additional Director | Non-executive Independent | None | None | None | None | Nil |
| Lee Seow Chuan | Additional Director | Non-executive Independent | None | None | None | None | Nil |
| Kamal Chand Jain | Whole-time Director | Executive | 2 | None | 2 | None | Nil |

**Note: Amolak Preet Singh was in the Company's employment as a Whole-time Director from 1st December, 2014 to 14th January, 2015, both days inclusive.**

* *Excludes Kesoram Industries Limited, Private Companies, Companies under Section 8 of the Companies Act, 2013 ("the Act") and foreign companies.*

** *Only two Committees viz., the Audit Committee and the Stakeholders' Relationship Committee have been considered for this purpose in terms of Clause 49(II)(D) of the Listing Agreement.*

*** *Deceased 5th December, 2014.*

\# *Resigned effective 8th June, 2015.*

The following persons are/were related as per the provisions of the Act:

(i) Basant Kumar Birla and Manjushree Khaitan;

(ii) Basant Kumar Birla and Krishna Gopal Maheshwari.

**Attendance of Directors at Meetings held during the Financial Year 2014 - 15**

Six Board Meetings were held during the Financial Year ended 31st March, 2015 - on 29th April, 2014, 26th June, 2014, 8th July, 2014, 8th August, 2014, 14th November, 2014 and 12th February, 2015.

The attendance of each Director at these Meetings and at the Ninety-fifth Annual General Meeting ("AGM") held on 8th July, 2014 was as follows:

| **Members** | **Attendance** | |
|---|---|---|
| | **No. of Board Meetings** | **AGM** |
| Basant Kumar Birla | 6 | Yes |
| Manjushree Khaitan | 6 | Yes |
| Krishna Gopal Maheshwari<br>*(since deceased on 5th December, 2014)* | 0 | No |
| Pesi Kushru Choksey | 6 | Yes |
| Amitabha Ghosh | 5 | Yes |
| Vinay Sah | 4 | Yes |
| Kashi Prasad Khandelwal | 6 | Yes |
| Sudip Banerjee | 6 | Yes |
| Steven John Dekrey<br>*(resigned effective 8th June, 2015)* | 4 | Yes |
| Lee Seow Chuan | 3 | N.A. |
| Kamal Chand Jain | 6 | Yes |

**Details of Remuneration and Meeting Fees paid to Directors during the Financial Year 2014 - 15**

| **Sl. No.** | **Name of the Directors** | **Sitting fees paid for** | |
|---|---|---|---|
| | | **Board Meetings (₹)** | **Committee Meetings *(₹)** |
| 1 | Basant Kumar Birla | 1,20,000 | – |
| 2 | Manjushree Khaitan ** | – | – |
| 3 | Krishna Gopal Maheshwari | – | – |
| 4 | Pesi Kushru Choksey | 1,20,000 | 1,00,000 |
| 5 | Amitabha Ghosh | 1,00,000 | 70,000 |
| 6 | Vinay Sah*** | 80,000 | 90,000 |
| 7 | Kashi Prasad Khandelwal | 1,20,000 | 1,70,000 |
| 8 | Sudip Banerjee | 1,20,000 | 50,000 |
| 9 | Steven John Dekrey # | 1,06,832 | 57,887 |
| 10 | Lee Seow Chuan # | 86,832 | 43,416 |
| 11 | Kamal Chand Jain ** | – | – |
| | **Total** | **8,53,664** | **5,81,303** |

* *Includes non-statutory Committees of the Company as well as Meeting of Independent Directors.*

** *Sitting fee is not payable to Whole-time Directors.*

*** *Fees paid to Life Insurance Corporation of India ("LIC").*

\# *Inclusive of taxes borne by the Company.*

No Commission was paid to the Directors during the Financial Year 2014 - 15.

**Kamal Chand Jain** was appointed a Whole-time Director at the Annual General Meeting held on 11th July, 2012 for a period of three years. His term expired as at close of business on 31st March, 2015. His appointment has been further renewed by the Board for a further period of one year effective 1st April, 2015. A Special Resolution seeking Members' approval for his re-appointment has been included in the Notice convening the Ninety-sixth Annual General Meeting. The total remuneration paid to him during 2014 - 15 is given below:

| Particulars | Amount paid ₹ / lakhs |
|---|---|
| (a) Gross Salary : | |
| Salary [Section 17(1) of Income Tax Act, 1961] | 354.74 |
| (b) Value of perquisites | 21.90 |
| (c) Others : | |
| Contribution to Provident Fund and Superannuation Fund | 19.00 |
| **Total** | **395.64** |

**Amolak Preet Singh** functioned as a Whole-time Director from 1st December, 2014 to 14th January, 2015 both days inclusive:

| Particulars | Amount paid ₹ / lakhs |
|---|---|
| (a) Gross Salary : | |
| Salary [Section 17(1) of Income Tax Act, 1961] | 20.53 |
| (b) Value of perquisites | Nil |
| (c) Others : | |
| Contribution to Provident Fund | 0.88 |
| **Total** | **21.41** |

The above remuneration being within the limits set out in Section II of Part II of Schedule V of the Act, a Special Resolution seeking Members' approval for his appointment and remuneration has been included in the Notice convening the Ninety-sixth Annual General Meeting.

Apart from the above, no other pecuniary relationships (including stock options) or transactions *vis-a-vis* the Company exists with any Director.

**Code of Conduct**

The Company has a Code of Conduct applicable to all Board Members and Senior Management staff for avoidance of conflict of interest between each of these individuals and the Company. Each Board Member and Senior Management staff have declared their compliance with the Code of Conduct as at 31st March, 2015. There were no materially significant transactions during the Financial Year with Board Members and Senior Management, including their relatives that had or could have had a potential conflict of interest with the Company.

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

## 3. AUDIT COMMITTEE

**Terms of Reference**

The Audit Committee has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreement. The terms of reference also conform to the requirements of Section 177 of the Act.

**Composition, Names of Members and Chairman**

As on 31st March, 2015 the Audit Committee had seven non-Executive Independent Directors as Members with Pesi Kushru Choksey as the Chairman of the Committee.

The composition of the Committee and the attendance of each Member at Meetings were as follows:

| Members | No. of Meetings attended |
|---|---|
| Pesi Kushru Choksey – Chairman | 4 |
| Amitabha Ghosh | 3 |
| Vinay Sah | 3 |
| Kashi Prasad Khandelwal | 4 |
| Sudip Banerjee | 4 |
| Steven John Dekrey *(from 08/07/2014 to 08/06/2015)* | 3 |
| Lee Seow Chuan *(effective 08/08/2014)* | 2 |

Four Meetings were held during the Financial Year ended 31st March, 2015 on 29th April, 2014, 8th August, 2014, 14th November, 2014 and 12th February, 2015.

The quorum for an Audit Committee Meeting is two Members personally present. The Company Secretary acts as the Secretary to the Audit Committee.

The following were invited to Audit Committee Meetings:

a) the Statutory Auditors.

b) the Internal Auditors.

c) the Cost Auditors, as and when necessary.

d) Kamal Chand Jain, Whole-time Director; Arvind Kumar Singh, Chief Executive Officer-Business Operations; Tridib Kumar Das, Chief Financial Officer; Uma Shankar Asopa, Chief of Treasury and Accounts and Suresh Sharma, Chief-Secretarial & Investor Services.

Pesi Kushru Choksey, Amitabha Ghosh and Kashi Prasad Khandelwal, Members of the Committee are senior Chartered Accountants with expert knowledge in finance, accounting and audit. Vinay Sah is a senior executive of the Life Insurance Corporation of India. Lee Seow Chuan is a fellow member of the Association of International Accountants, UK. Sudip Banerjee is an Honours graduate in Economics and holds a Management Diploma from the All India Management Association. All Members of the Committee are therefore financially literate.

The Chairman of the Audit Committee attended the last Annual General Meeting ("AGM") held on 8th July, 2014.

## 4. NOMINATION AND REMUNERATION COMMITTEE

The name of the Remuneration Committee was changed to Nomination and Remuneration Committee as per the provisions of Section 178 of the Act and Clause 49(IV) of the Listing Agreement. As on 31st March, 2015, the Nomination & Remuneration Committee consisted of four Members, two Non-executive Independent Directors *viz.* Pesi Kushru Choksey and Kashi Prasad Khandelwal, nominee Director Vinay Sah and the Executive Vice Chairperson, Manjushree Khaitan as Members.

The Committee met five times during the Financial Year 2014-15 on 29th April, 2014, 8th July, 2014, 8th August, 2014, 14th November, 2014 and 12th February, 2015. Pesi Kushru Choksey chaired these Meetings.

The Company Secretary acts as the Secretary to the Committee. The composition of the Committee and the attendance of each Member at Meetings were as follows:

| Members | No. of Meetings attended |
|---|---|
| Manjushree Khaitan | 4 |
| Pesi Kushru Choksey | 4 |
| Kashi Prasad Khandelwal | 4 |
| Vinay Sah | 3 |

The terms of reference of the Nomination and Remuneration Committee traverses the areas covered under Clause 49(IV) of the Listing Agreement and Section 178 of the Act.

**The Nomination and Remuneration Policy:** This Policy formulated and recommended by the Committee to the Board was approved on 29th April, 2015. The Policy is attached as Annexure III to the Directors' Report.

The performance of individual Board Members was subject to peer evaluation during the Financial Year based upon, amongst other parameters attendance, contribution to Meetings, participation and exercise of independent judgment.

## 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

At its Meeting held on 29th April, 2014, the Board constituted a Stakeholders Relationship Committee. The terms of reference of this Committee are as envisaged in the Companies Act as well as Clause 49 of the Listing Agreement.

The Committee met three times during the Financial Year 2014-15 on 8th July, 2014, 14th November, 2014 and 12th February, 2015. Amitabha Ghosh chaired these Meetings.

The Company Secretary acts as Secretary to the Committee. The composition of the Committee and the attendance of each Member at Meetings were as follows:

| Members | No. of Meetings attended |
|---|---|
| Amitabha Ghosh | 3 |
| Vinay Sah | 2 |
| Kashi Prasad Khandelwal | 3 |
| Kamal Chand Jain | 3 |

The terms of reference of the Committee cover all the areas as mentioned under Clause 49(VIII)(E)(4) of the Listing Agreement and Section 178 of the Companies Act, 2013.

**Shareholder complaints received and redressed during the Financial Year 2014 - 15:**

| Nature of Grievances | Complaints received from | | | | Total complaints received during 2014 - 15 | Total complaints redressed | No. of complaints outstanding as on 31st March, 2015 |
|---|---|---|---|---|---|---|---|
| | Investors directly | Stock Exchange | SEBI "SCORES" | R O C | | | |
| Non-receipt of Dividend/ Interest/ Redemption Warrants/NECs | 12 | Nil | 5 | Nil | 17 | 17 | Nil |
| Non-receipt of Share / Debenture Certificate(s) | 4 | Nil | 2 | Nil | 6 | 6 | Nil |
| Non-receipt of Duplicate Share/ Debenture Certificate(s) | 1 | Nil | 2 | Nil | 3 | 3 | Nil |
| Demat related | Nil | Nil | 1 | Nil | 1 | 1 | Nil |
| Non-receipt of Annual Report | 16 | Nil | 1 | Nil | 17 | 17 | Nil |
| Status of Application lodged for Rights Issue | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Reason for Non-Allotment of Shares in Rights Issue | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Change of Name on Securities | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **TOTAL** | **33** | **Nil** | **11** | **Nil** | **44** | **44** | **Nil** |

**Details of outstanding shares in the Unclaimed Suspense Account**

| Particulars | Total No. of Shareholders | No. of Outstanding Shares lying in Unclaimed Suspense Account |
|---|---|---|
| As on 1st April, 2014 | 4,029 | 1,54,899 |
| Shareholders approached for transfer/delivery during 2014 - 15 | 51 | 2,104 |
| Shares transferred/delivered during the year 2014 - 15 | 20 | 1,046 |
| Shareholders approached for transfer/ delivery pending compliance of verification process | 31 | 1,058 |
| Balance as on 31st March, 2015 | 4,009 | 1,53,853 |

**6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

As required under Section 135 of the Act, a Corporate Social Responsibility Committee was constituted on 29th April, 2014 with Amitabha Ghosh, Kamal Chand Jain as Members and Manjushree Khaitan as the Chairperson. The terms of reference of this Committee are aligned with the requirements of Section 135 of the Act.

**7. SEPARATE MEETING OF INDEPENDENT DIRECTORS**

As per stipulations in Section VII of the Code for Independent Directors in Schedule IV of the Act and as per the Listing Agreement, a separate Meeting of the Company's Independent Directors was held on 12th February, 2015.

**8. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The familiarisation programme for independent Directors is available on the website of the Company under the weblink *http://www.kesocorp.com/DOCS/management_corner.php#slide_5*.

**9. COMPLIANCE OFFICER**

Gautam Ganguli, Company Secretary, is the Compliance Officer under the Listing Agreement and other applicable SEBI Regulations and Rules.

**10. GENERAL BODY MEETINGS**

**(A) Details of last three AGMs**

| AGMs | Date of AGM | Location | Time |
|---|---|---|---|
| 95th AGM | 8th July, 2014 | "Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700017 | 11:00 A.M. |
| 94th AGM | 31st July, 2013 | "Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700017 | 11:00 A.M |
| 93rd AGM | 11th July, 2012 | "Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700017 | 11:00 A.M |

**(B) Special Resolutions passed at previous three AGMs**

**a) AGM on 8th July, 2014:**

One special resolution was proposed and passed *viz.* acceptance of deposits by the Company in compliance of the Act and Rules made thereunder.

**b) AGM on 31st July, 2013:**

No special resolution proposed.

**c) AGM on 11th July, 2012:**

One special resolution was proposed and passed *viz.* approval to the re-appointment and remuneration of Kamal Chand Jain effective 1st April, 2012 for a period of three years.

**(C) Postal Ballot :** Pursuant to Section 108 and other applicable provisions of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended, two postal ballots were held during 2014 - 15 details of which are given below :

**(i) On 28th June, 2014**

| | |
|---|---|
| Date of Notice of Postal Ballot | 29th April, 2014 |
| Record Date | 9th May, 2014 |
| e-Voting period | 10.00 A.M. of 26th May, 2014 to 6.00 P.M. of 24th June, 2014 |
| e-Voting platform | NSDL |
| Special Resolutions | i) To renew the existing consent of the general body already accorded under Section 293(1)(d) of the Companies Act, 1956 to borrow amounts not exceeding ₹.6,000 crores under Section 180(1)(c) of the Companies Act, 2013. |
| | ii) To renew the existing consent of the general body accorded under Section 293(1)(a) of the Companies Act, 1956 to create charge on the Company's assets in favour of lenders to synchronise with the borrowing Resolution referred to in (i) above. |
| | iii) To issue Secured Redeemable Non-Convertible Debentures during the Financial Year 2014 - 15 of an amount not exceeding ₹ 1,000 crores on private placement basis. |
| Scrutiniser | Salil Banerjee (ICSI CP Registration No. 1140) |
| Date of Result | 28th June, 2014 |

| Resolution No. as given in the Postal Ballot Notice dated 29th April, 2014 | Particulars of the Votes Cast | | | Result |
|---|---|---|---|---|
| | | No of votes | % | |
| Resolution No. 1 as a Special Resolution | Votes cast in favour | 5,97,23,792 | 99.97 | Approved by requisite majority |
| | Votes cast against | 19,185 | 0.03 | |
| Resolution No. 2 as a Special Resolution | Votes cast in favour | 5,97,21,982 | 99.96 | Approved by requisite majority |
| | Votes cast against | 21,155 | 0.04 | |
| Resolution No. 3 as a Special Resolution | Votes cast in favour | 5,97,27,962 | 99.97 | Approved by requisite majority |
| | Votes cast against | 16,444 | 0.03 | |

**(ii) On 26th March, 2015:**

| | |
|---|---|
| Date of Notice of Postal Ballot | 12th February, 2015 |
| Record Date | 30th January, 2015 |
| e-Voting period | 10 A.M. of 22nd February, 2015 to 6.00 P.M. of 26th March, 2015 |
| e-Voting platform | NSDL |
| Special Resolutions | i) To transfer the undertaking comprised in the Company's automotive tyre manufacturing facility situated at Laksar, Dist. Haridwar, Uttarakhand to a subsidiary under section 180(1)(a) and 188 of the Act. |
| | ii) To invest in Equity Shares of ₹ 10 each in a subsidiary under Section 186 of the Act. |
| Scrutiniser | Salil Banerjee (ICSI CP Registration No. 1140) |
| Date of Result | 26th March, 2015 |

| Resolution No. as given in the Postal Ballot Notice dated 12th February, 2015 | Particulars of the Votes Cast | | | Result |
|---|---|---|---|---|
| | | No of votes | % | |
| Resolution No. 1 as a Special Resolution | Votes cast in favour | 5,72,49,764 | 99.99 | Approved by requisite majority |
| | Votes cast against | 4,342 | 0.01 | |
| Resolution No. 2 as a Special Resolution | Votes cast in favour | 5,72,47,341 | 99.98 | Approved by requisite majority |
| | Votes cast against | 6,695 | 0.02 | |
| Resolution No. 3 as an Ordinary Resolution | Votes cast in favour | 5,97,57,048 | 99.98 | Approved by requisite majority |
| | Votes cast against | 10,502 | 0.02 | |

No Special Resolution is presently proposed to be conducted through Postal Ballot.

**11. DISCLOSURES IN RELATION TO THE APPOINTMENTS AND RE-APPOINTMENTS OF DIRECTORS**

As required under Clause 49(VIII)(E)(1) of the Listing Agreement, brief profiles of Vinay Sah, Lee Seow Chuan, Kamal Chand Jain and Amolak Preet Singh are appended :

i) **Vinay Sah (Non- Executive Nominee Director) DIN 02425847 :** Vinay Sah was appointed a Director on 3rd November, 2011. He is 56 years of age and is nominated by Life Insurace Corporation of India. He holds a Masters degree in Statistics from Lucknow University, India. He is also the Executive Director (Mktg./PD) of Life Insurance Corporation of India, Western Zone, Mumbai. He has more than 30 years of experience in the fields of insurance and management. He holds no other Directorships and holds no shares in the Company.

ii) **Lee Seow Chuan (Non-Executive Independent Director) DIN 02696217:** Lee Seow Chuan was appointed an Additional Director on 8th August, 2014. He is 67 years of age and a Singapore national. A reputed finance professional and a fellow member of the Association of International Accountants, UK, he has spent over two decades managing the finances of the Dairy Farm Group, the last eleven years being as South Asia Finance Director of one of the Group's key Companies. He holds no other Directorship and holds no shares in the Company.

(iii) **Kamal Chand Jain (Whole-time Director) DIN 00029985:** Kamal Chand Jain was appointed a Whole-time Director for three years effective 1st April, 2012. Upon the expiry of his tenure, he was re-appointed a Whole-time Director for a further period of one year effective 1st April, 2015. He is 76 years old with a Bachelors degree in Commerce. He is also a Member of The Institute of Chartered Accountants of India. With over 50 years of experience he has spent much of his work career in the Company's cement business. Both the Company's cement plants owe their origin to him. He is a Director of Mangalam Cement Limited and Gondhkari Coal Mining Limited. He is also a Member of the Audit Committee, Share Transfer Committee, Stakeholders Relationship Committee and Risk Management Committee of Mangalam Cement Limited. He has no shareholding in the Company.

iv) **Amolak Preet Singh (Whole-time Director) DIN 07019247:** Amolak Preet Singh was appointed a Whole-time Director of the Company for a period of three years effective 1st December, 2014. He ceased employment with the Company effective close of business hours 14th January, 2015. He is 48 years of age and is a qualified Engineer with a Masters in Business Administration. He began his career with Bajaj Auto Limited, moving thereafter to Kennametal India. After spending several years with this Company, he relocated to Singapore and joined Leitz Tooling Asia. As the Managing Director of Leitz Tooling, he has overseen operations in Australia, New Zealand, China, Korea, Taiwan as well as the ASEAN countries. He holds no shares in the Company.

**12. DISCLOSURES**

1. The Audit Committee in its Meeting held on 8th August, 2014 has approved the Related Party Transaction Policy which is placed on the website of the Company. The weblink is *http://www.kesocorp.com/DOCS/management_corner.php#slide_5.*

2. Transactions with Related Parties, as per requirements of Accounting Standard 18, are disclosed in the Notes to Accounts annexed to the Financial Statements. There are no materially significant transactions with Related Parties viz. Promoters,

Directors or the Management or their relatives or Subsidiaries that had potential conflict with the Company's interest. Appropriate disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report. Particulars of Related Party Transactions in terms of Section 188(1)(b) read with Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC 2 has been disclosed in the Directors' Report.

3. The Company has complied with all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing the Financial Statements.

4. There are/were no pecuniary relationships or transactions of Non-Executive Directors *vis-à-vis* the Company which has or could have potential conflict with the interests of the Company at large.

5. The Company has complied with all requirements of the Listing Agreement as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India ("SEBI") except for non-submission of audited financial results for the financial year ended 31st March, 2015 under Clause 41(I)(d) and unaudited quarterly results for the quarter ended 30th June, 2015 under Clause 41(I)(c) of the Listing Agreement with the Stock Exchanges. The Company has paid penalties levied by the Stock Exchanges owing to its inability to file Audited Financial Results with the Stock Exchanges within 30th May, 2015. The Company's shares have been presently moved by the Stock Exchanges to the trade to trade category. No other penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

6. The Company has in place a mechanism to inform Board Members about risk assessment and mitigation plans and periodical reviews to ensure that critical risks are controlled by the executive management. No Risk Management Committee has been constituted since this is not mandated for the Company under the Listing Agreement.

7. As at close of business 31st March, 2015, the Company had a material unlisted subsidiary. The Policy on Material Subsidiaries is available on the Company's website for which the weblink is *http://www.kesocorp.com/DOCS/management_corner.php#slide_5*.

8. Independent Directors have confirmed to the Company that they meet the criteria of 'Independence' as stipulated under Clause 49 of the Listing Agreement.

9. The Company has adopted a Whistle Blower Policy that has been placed on the website of the Company at the weblink *http://www.kesocorp.com/DOCS/management_corner.php#slide_5*. The Policy contains guidelines to be followed by whistle blowers.

10. The status of compliance with non-mandatory recommendations of the Clause 49 of the Listing Agreement with Stock Exchanges is provided below:

    a) Non-Executive Chairman's Office: The Non-Executive Chairman maintains an office at the Company's Head Office.

    b) Shareholders' Rights: As the quarterly and half yearly financial performance are published in the news papers and are also posted on the Company's website, the same are not being sent to the shareholders.

    c) Audit Qualifications: The Company's financial statement for the year 2014-15 does not contain any audit qualification.

    d) Separate posts of Chairman and CEO: The Chairman of the Board is a Non-executive Director and his position is separate from that of the CEO.

    e) Reporting of Internal Auditor: The Internal Audit Team reports to the Audit Committee.

## 13. MEANS OF COMMUNICATION

### (i) Financial results, Annual Report etc.:

The quarterly Unaudited Financial Results and the Annual Audited Financial Results as approved and taken on record by the Board are sent to / filed with the Stock Exchanges where the Company's shares are listed and then published in various leading national newspapers, viz. Financial Express / Business Standard (English – all editions) and Dainik Statesman / Ekdin (Bengali editions). The Results are also posted on the Company's website www.kesocorp.com. All official releases and other related information are also displayed on this website.

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

**(II) Management Discussion and Analysis**

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

## 14. GENERAL SHAREHOLDER INFORMATION

- **Next AGM**

| | |
|---|---|
| **Time** | 11.00 A.M. |
| **Day** | Saturday |
| **Date** | 12th December, 2015 |
| **Venue** | "Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700 017 |

- **The Company's Financial Year**

The Financial Year of the Company is from 1st April to 31st March.

- **Date of Book Closure**

6th December, 2015 to 12th December, 2015 (both days inclusive)

- **Stock Exchange related information**

**a. Listing on Stock Exchanges:**

| | |
|---|---|
| **Equity Shares** | BSE Limited("BSE"), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 |
| | National Stock Exchange of India Limited("NSE"), Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051 |
| | The Calcutta Stock Exchange Ltd.("CSE"), 7, Lyons Range, Kolkata-700 001 |
| | Societe de la Bourse de Luxembourg, Societe Anonyme/R.C.B. 6222, B.P.165, L-2013 Luxembourg (for GDRs) |
| **Privately-placed Secured Redeemable Non-Convertible Debentures** | BSE Limited("BSE"), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 |

**b. Codes:**

| | | |
|---|---|---|
| **i)** | **Equity Shares** | |
| | BSE | 502937 |
| | NSE | KESORAMIND |
| | CSE | 10000020 |
| | Luxembourg Stock Exchange | 492532205 |
| **ii)** | **Secured Redeemable Non-Convertible Debentures (privately placed)** | |
| | BSE | 950718 |

There are no arrears in payment of Listing Fees.

c. **ISIN No. for the Company's Listed Securities**

| | |
|---|---|
| **Equity Shares in Demat Form** | INE087A01019 |
| **Secured Redeemable Non-Convertible Debentures (privately placed)** | INE087A07644 |

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

e. **Stock Market Price Data :**

**₹ /Share**

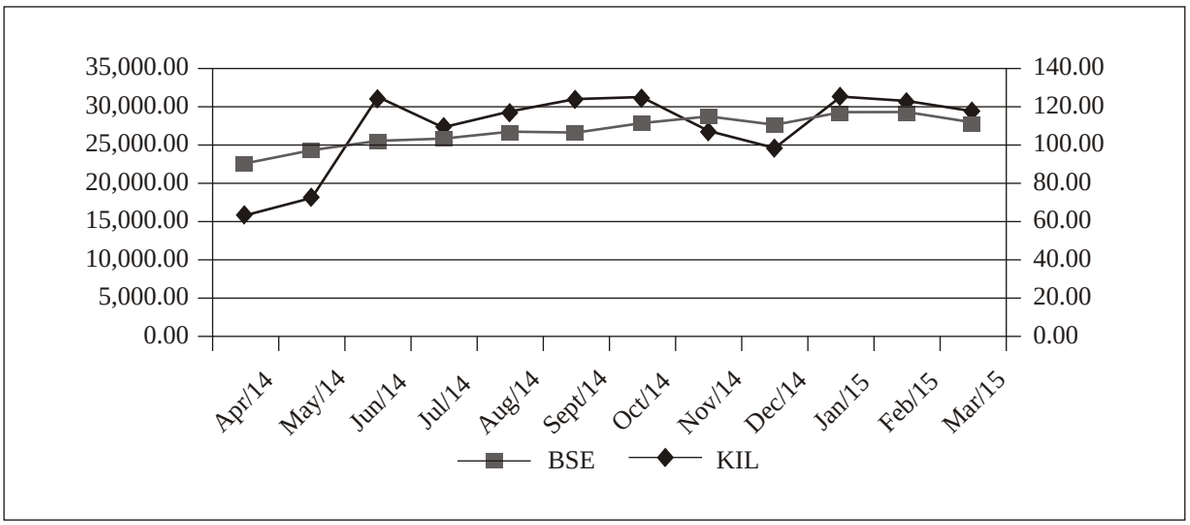
| Month | BSE Sensex Close | Share Price | | |
|---|---|---|---|---|
| | | High | Low | Close |
| April, 14 | 22,417.80 | 79.60 | 61.25 | 62.70 |
| May, 14 | 24,217.34 | 83.75 | 61.00 | 72.40 |
| June, 14 | 25,413.78 | 130.40 | 72.95 | 123.80 |
| July, 14 | 25,894.97 | 125.10 | 97.70 | 109.45 |
| August, 14 | 26,638.11 | 120.20 | 103.50 | 116.90 |
| September, 14 | 26,630.51 | 154.90 | 112.90 | 123.95 |
| October, 14 | 27,865.83 | 137.50 | 118.60 | 124.05 |
| November, 14 | 28,693.99 | 133.20 | 98.50 | 107.05 |
| December, 14 | 27,499.42 | 116.00 | 91.05 | 98.45 |
| January, 15 | 29,182.95 | 142.55 | 98.00 | 124.95 |
| February, 15 | 29,361.50 | 145.60 | 113.50 | 122.35 |
| March, 15 | 27,957.49 | 143.50 | 112.00 | 117.05 |

| Month | NSE Nifty Close | Share Price | | |
|---|---|---|---|---|
| | | High | Low | Close |
| April, 14 | 6,696.40 | 79.60 | 61.15 | 62.50 |
| May, 14 | 7,229.95 | 83.90 | 61.00 | 72.55 |
| June, 14 | 7,611.35 | 130.40 | 72.65 | 123.75 |
| July, 14 | 7,721.30 | 126.00 | 98.00 | 109.45 |
| August, 14 | 7,954.35 | 120.40 | 103.70 | 117.25 |
| September, 14 | 7,964.80 | 154.95 | 112.30 | 123.65 |
| October, 14 | 8,322.20 | 137.40 | 118.55 | 124.00 |
| November, 14 | 8,588.25 | 133.70 | 98.25 | 107.15 |
| December, 14 | 8,282.70 | 116.00 | 91.00 | 98.40 |
| January, 15 | 8,808.90 | 142.60 | 98.00 | 124.95 |
| February, 15 | 8,901.85 | 145.50 | 113.55 | 122.60 |
| March, 15 | 8,491.00 | 143.45 | 112.00 | 116.80 |

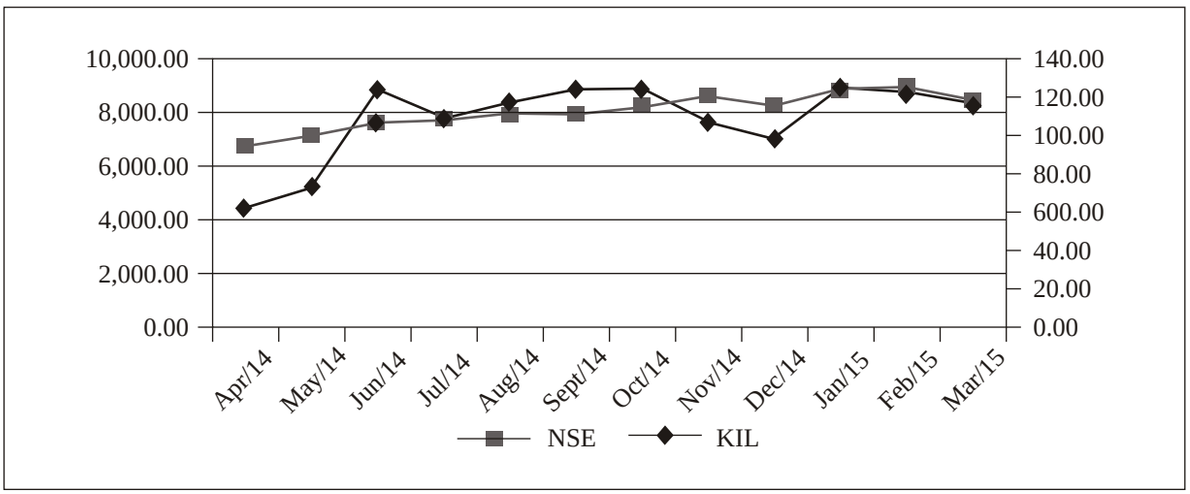
During the year there was no trading on Calcutta Stock Exchange as well as Luxembourg Stock Exchange.

**f. Performance in comparison to broad based indices such as BSE SENSEX and NSE NIFTY**

Kesoram Industries Limited (KIL) Share Price *vis-a-vis* BSE Sensex (2014 - 15)




Kesoram Industries Limited (KIL) Share Price *vis-a-vis* NSE Nifty (2014 - 15)




**g. Registrar and Share Transfer Agent:**

MCS Share Transfer Agent Limited
(Unit: Kesoram Industries Ltd.)
12/1/5, Manoharpukur Road, Kolkata -700 026
Phone Nos.: +91 33 40724051 to 54
Fax No.: +91 33 40724050
E-mail: mcssta@rediffmail.com

**h. Share Transfer System**

Subject to documentation being in order, transfer requests of Equity Shares in the physical form lodged with the Share Department of the Company/Registrar and Share Transfer Agent are processed no later than fifteen days from the date of receipt. Individual share transfer requests in physical form are dealt with and approved at the level of Company Executives.

**i. Distribution of shareholding as on 31st March, 2015**

**(a) According to category of holding**

| Category | No. of Shareholders | % of Shareholders | No. of Shares | % of Shares |
|---|---|---|---|---|
| Promoters | 20 | 0.03 | 52,601,477 | 47.92 |
| Mutual Funds / UTI | 17 | 0.02 | 1,56,890 | 0.14 |
| Financial Institutions & Banks | 43 | 0.05 | 14,64,409 | 1.33 |
| Foreign Institutional Investors | 31 | 0.04 | 53,91,287 | 4.91 |
| Insurance Companies | 5 | 0.01 | 43,37,286 | 3.95 |
| NRI/OCB's | 444 | 0.55 | 42,01,524 | 3.83 |
| Enemy Property | 34 | 0.04 | 8,099 | 0.01 |
| Private Body Corporates | 1,338 | 1.66 | 98,34,975 | 8.96 |
| Individuals | 78,669 | 97.60 | 2,45,76,975 | 22.39 |
| Unclaimed Suspense A/c | 1 | 0.00 | 1,53,853 | 0.14 |
| GDRs | 1 | 0.00 | 70,41,875 | 6.42 |
| **Total** | **80,603** | **100.00** | **10,97,68,650** | **100.00** |

**(b) According to the number of Equity Shares held :**

| No. of Ordinary Shares held | No. of Shareholders | % of Shareholder | No. of Shares | % of Shares |
|---|---|---|---|---|
| 1-100 | 62,528 | 77.58 | 20,17,395 | 1.84 |
| 101-200 | 6,748 | 8.37 | 10,88,373 | 0.99 |
| 201-500 | 6,017 | 7.46 | 21,53,123 | 1.96 |
| 501-1000 | 2,474 | 3.07 | 19,98,107 | 1.82 |
| 1001-5000 | 2,151 | 2.67 | 49,54,321 | 4.51 |
| 5001-10000 | 314 | 0.39 | 23,57,629 | 2.15 |
| 10001 and above | 371 | 0.46 | 9,51,99,702 | 86.73 |
| **Total** | **80,603** | **100.00** | **10,97,68,650** | **100.00** |

**j. Dematerialisation and Rematerialisation**

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

**k. Dematerialisation of shareholding**

The Company's Equity Shares are compulsorily traded in dematerialised form. 10,83,08,215 Equity Shares of the Company representing 98.67% of the total Equity Shares issued were held in dematerialised form as on 31st March, 2015. Investors have an option to dematerialise their Equity Shares either with National Securities Depository Limited or Central Depository Services (India) Limited.

**l. Outstanding GDRs**

70,41,875 Equity Shares of the Company were held as Global Depository Receipts as on 31st March, 2015.

**m. Insider Trading**

The Code of Internal Procedure & Conduct under the SEBI (Prohibition of Insider Trading) Regulations, 2015, has been effective 15th May, 2015 and the Company has implemented the same.

**n. Plant Locations**

| Section | Factory Location | City Office | Run under name & style of |
|---|---|---|---|
| Cement | Sedam, Dist. Gulbarga<br>Karnataka-585222<br>Phone: +91-8441-276005/277403<br>Fax: +91-8441-276139<br>E-mail: *communication@vasavadattacement.com*<br><br>**Storage and Packing Unit**:<br>T-3 MIDC Chincholi, Taluk: Mohal<br>Solapur-413255, Maharastra State<br>Phone : +91-217-2357060 | 613 to 616, White House, Block III,<br>6th Floor, 6-3-1192/1/1,<br>Kundanbagh, Begumpet,<br>Hyderabad – 500016 (Telangana)<br>Phone : +91-40-43344555<br>Fax: +91-40-43344534 | Vasavadatta Cement |
| | Basantnagar, Dist. Karimnagar<br>Andhra Pradesh-505187<br>Phone : +91-8728 -228152/228121<br>Fax: +91-8728-228160<br>E-mail: *communication@kesoramcement.com* | 613 to 616, White House, Block III,<br>6th Floor, 6-3-1192/1/1,<br>Kundanbagh, Begumpet,<br>Hyderabad – 500016 (Telangana)<br>Phone : +91-40-43344555<br>Fax: +91-40-43344534 | Kesoram Cement |
| Automobile Tyres and Tubes | At/P.O. Chhanpur, Via. Kuruda,<br>Dist. Balasore, Odisha, Pin-756056<br>Phone: +91-6782-255259/780/620<br>Fax: +91-6782-255225<br>E-mail: *btbls@ birlatyres.org* | 7th Floor, Birla Building<br>9/1, R. N. Mukherjee Road,<br>Kolkata-700001<br>Phone: +91-33-2262 4411-13,<br>+91-33-22624355-57.<br>Fax: +91-33-2262 4359<br>E-mail:*ho@birlatyre. com* | Birla Tyres |
| Rayon & Transparent Paper | P.O. Nayasarai, Rly. Station: Kuntighat,<br>On Howrah-Katwa Route, Dist. Hooghly,<br>West Bengal-712513<br>Phone: +91-33-26846431-34<br>Fax : +91-33-26846461<br>E-mail: *works@kesoramrayon.com* | "Industry House", 11th Floor<br>10, Camac Street,<br>Kolkata-700017<br>Phone: +91-33-22824721-24<br>Fax: +91-33-22828879<br>E-mail: *rayon@kesoramrayon.com* | Kesoram Rayon |
| Spun Pipes & Foundries (under suspension of work) | P.O. Adcconagar,<br>Bansberia, Dist. Hooghly<br>West Bengal-712121<br>Phone: +91-33-26346465 | "Industry House",<br>10, Camac Street,<br>Kolkata-700017<br>Phone : +91-33-22822476<br>Fax: +91-33-22829370 | Kesoram Spun Pipes & Foundries |
| Heavy Chemicals (under suspension of work) | 19, B. T. Road, Khardah,<br>P.O. Balaram Dharma Sopan,<br>Kolkata-700116<br>Phone : +91-33-25535183 | "Industry House",<br>10, Camac Street,<br>Kolkata-700017 | Hindustan Heavy Chemicals |

**o. Address for Correspondence**

**(a) For routine matters**:

Any assistance regarding share transfer and transmission, change of address, non-receipt of dividend, duplicate / missing Share Certificate, demat and other matters, investors are welcome to get in touch with the Share Department of the Company at the address given below:

Kesoram Industries Limited
8th Floor, Birla Building
9/1, R. N. Mukherjee Road, Kolkata-700 001
Phone No.: +91-33-22101545
Fax No.: +91-33-22109455
E-mail :sharedepartment@kesoram.net

***Or,***

**Registrar and Share Transfer Agent:**
M/s. MCS Share Transfer Agent Limited
(Unit: Kesoram Industries Ltd.)
12/1/5, Manoharpukur Road, Kolkata 700 026
Phone Nos.: +91-33-40724051 to 4054
Fax No.: +91-33-40724050
E-mail: mcssta@rediffmail.com

**For Redressal of Complaints and Grievances:**
The Company Secretary
Kesoram Industries Limited
8th Floor, Birla Building
9/1, R. N. Mukherjee Road
Kolkata-700001.

Telephone Nos. +91-33-22435453,+91-33-22429454
+91-33-22135121
Fax No. : +91-33-22109455
E-mail : corporate@kesoram.net

**15. CERTIFICATE FROM CHIEF EXECUTIVE OFFICER-BUSINESS OPERATIONS / WHOLE-TIME DIRECTOR (WTD) AND CHIEF FINANCIAL OFFICER (CFO)**

A Certificate has been issued by the CEO/WTD and CFO as required under Clause 49(IX) of the Listing Agreement.

**16. COMPLIANCE CERTIFICATE FROM A PRACTISING COMPANY SECRETARY**

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

**Kamal Chand Jain**
*Whole-time Director*

**Manjushree Khaitan**
*Executive Vice Chairperson*

**Arvind Kumar Singh**
*CEO - Business Operations*

**Tridib Kumar Das**
*Chief Financial Officer*

**Kashi Prasad Khandelwal**
**Sudip Banerjee**
*Directors*

**Gautam Ganguli**
*Company Secretary*

**Place: Kolkata**
**Date : 19th October, 2015**

## DECLARATION

All Board Members and 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, 2014 to 31st March, 2015 in terms of Clause 49(II)(E)(2) of the Listing Agreement with the Stock Exchanges.

**For Kesoram Industries Ltd.**

**Place: Kolkata**
**Dated: 19th October, 2015**

**Kamal Chand Jain**
**Whole-time Director**

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## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

**To the Members of**
**Kesoram Industries Limited**

We have examined all relevant records of Kesoram Industries Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India for the Financial Year ended on 31st March, 2015. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification. The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedure and implementation thereof and was carried out in accordance with the Guidance Note on Corporate Governance Certificate issued by the Institute of Company Secretaries of India. This certificate is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. On the basis of our examination of the records produced and explanations furnished, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**Date: 19th October, 2015**
**Kolkata**

*ANNEXURE - III*

# NOMINATION AND REMUNERATION POLICY

The Board of Directors of Kesoram Industries Limited ("**the Company**") constituted a ''Nomination and Remuneration Committee" at the Meeting held on April 29, 2014 consisting of three (3) Non-Executive Directors, all of whom are Independent Directors and one Executive Director.

## 1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy will be in compliance with Section 178 of the Companies Act, 2013 together with the applicable rules thereto and Clause 49 of the Listing Agreement.

The Key Objectives of the Committee would be:

1.1. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and other Senior Management Personnel one level below the Board.

1.2. To evaluate the performance of Board Members on the criteria decided.

1.3. To recommend to the Board on remuneration payable to Directors, Key Managerial Personnel and Senior Management.

1.4. To ensure that Key Managerial Personnel and Senior Management Personnel one level below the KMPs are remunerated based upon their efforts, performance, dedication and achievement relating to the Company's operations.

1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons.

1.6. To devise a policy on Board diversity.

1.7. To evolve an evaluation process and develop a succession plan for the Board.

## 2. DEFINITIONS

2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2. **Board** means the Board of Directors of the Company.

2.3. **Directors** mean Directors constituting the Board of the Company.

2.4. **Key Managerial Personnel (KMPs).**

2.4.1. Chief Executive Officer or the Managing Director or the Manager under the Act;

2.4.2. Whole-time Director;

2.4.3. Chief Financial Officer;

2.4.4. Company Secretary; and

2.4.5. Such other officer as may be prescribed by law.

2.5. **Senior Management Personnel** means personnel only those who are members of its core management team placed one level below the KMPs including the Chief Operating Officer.

## 3. ROLE OF THE COMMITTEE

The role of the Committee *inter alia* will be the following:

3.1 To formulate a criteria for determining qualifications, positive attributes and independence of a Director.

3.2 To recommend to the Board the appointment and removal of Key Managerial Personnel and other Members of the Senior Management one level below the KMPs.

3.3 To carry out evaluation of Director's performance and recommend to the Board his/her removal based on his/her performance.

3.4 To formulate, if so required, a policy relating to remuneration of Directors, Key Managerial Personnel and other Senior Management one level below the KMPs.

3.5 To ensure that the level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

3.6 To devise a policy on Board diversity.

3.7 To develop a succession plan for the Board.

**4. MEMBERSHIP**

4.1 The Committee shall consist of at least three Directors, two of whom should be Independent Directors.

4.2 Minimum two (2) members shall constitute a quorum for a Committee Meeting. However, Meetings can be conducted by circulation as well as through tele-conferencing. Meeting can be held as and when necessary.

4.3 Committee Members will continue in office at the discretion of the Board.

**5. CHAIRMAN**

5.1 The Chairman of the Committee shall be an Independent Director appointed by the Board.

5.2 In the absence of the Chairman, Members of the Committee present at a Meeting shall choose one amongst them to act as Chairman.

**6. COMMITTEE MEMBERS' INTEREST**

6.1 A Member of the Committee is not entitled to be present when his or her own remuneration is discussed or when his or her performance is being evaluated.

6.2 The Committee may invite such Executives, as it considers appropriate, to be present at meetings of the Committee.

**7. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

**8. VOTING**

8.1 Matters arising for determination at Committee Meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

8.2 In the case of equality of votes, the Chairman of the Meeting will have a casting vote.

**9. NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters will include:

9.1 Ensuring that there is an appropriate induction in place for new Directors, Key Managerial Personnel and other Members of Senior Management one level below the KMPs.

9.2 Ensuring that on appointment to the Board, Non-Executive Independent Directors receive a formal letter of appointment in accordance with the Act.

9.3 Determining an appropriate size, diversity and composition of the Board.

9.4 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.

9.5 Developing a succession plan for the Board, Key Managerial Personnel and other Members of Senior Management one level below the KMPs.

9.6 Evaluating the performance of Board Members, Key Managerial Personnel and other Senior Management Members one level below the KMPs in the context of the Company's performance.

9.7 Delegating any of its powers to one or more of its Members or to the Secretary of the Committee.

9.8 Recommend any necessary changes to the Board and

9.9 Considering any other matter that may be referred to it by the Board.

**10. REMUNERATION DUTIES**

Duties of the Committee in relation to remuneration matters will include:

10.1 To consider and determine a rational Remuneration Policy, based on performance and bearing in mind the fact that remuneration should be reasonable and sufficient to attract, retain and motivate Members of the Board as well as those constituting the Senior Management and such other factors as the Committee may deem appropriate.

10.2 To approve the remuneration of Directors, Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company. The remuneration of other Senior Management Personnel one level below the KMPs would be decided by the Key Managerial Personnel team.

10.3 To ensure that the Company has in place a professional indemnity and liability insurance for Directors and Key Managerial Personnel.

**11. CRITERIA FOR APPOINTMENT AND QUALIFICATIONS**

11.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

11.2 A person should possess adequate qualification, expertise and experience for the position before he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

11.3 The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of Shareholders by passing a Special Resolution based on the explanatory statement annexed to the Notice for such motion indicating the justification for extension of appointment beyond seventy years.

**12. EVALUATION CRITERIA**

12.1 The Committee shall carry out evaluation of performance of every Director at regular intervals.

12.2 The Committee shall evaluate the performance of Non-Executive / Independent Directors through a peer evaluation process at least once every year. Each Board Member will evaluate Board Member based on select performance indicators. On the basis of performance, other evaluation, the Board will decide whether to extend the term of appointment of an Independent Director.

12.3 Independent Directors have three key roles, namely governance, control and guidance. Performance indicator of Independent Directors will include *inter alia*, acumen, ability to strategise, competence in marrying plurality of views and the capability of functions in an uncertain operating environment.

*ANNEXURE - IV*

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

**1.** A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web link to the CSR Policy and projects or programmes:

**The Company fully recognises its commitment to the fulfillment of its social responsibilities. Programmes to benefit society in general and those living in the vicinity of its facilities in particular have been consistently implemented over the years. In so doing, the Company has been faithfully following and implementing the vision of its Chairman, Basant Kumar Birla, who instilled in the Company the consciousness of being responsive to the needs of the less privileged. Such observance has been Company Policy for decades much before statutory mandates were even thought of. Although, under the provisions of Section 135(5) of the Companies Act, 2013, the Company need not statutorily spend on CSR activities owing to absence of profit over the last three years, the Company's CSR schemes primarily focusses on activities that benefit the less privileged.**

**The Company's CSR Policy has been hosted on the Company's website www.kesocorp.com.**

**2.** The composition of the CSR Committee:

**The Committee is chaired by Manjushree Khaitan with Amitabha Ghosh and Kamal Chand Jain as Members.**

**3.** Average net profit of the company for last three financial years:

| Particulars | Last three financial years (₹ in crore) | | | Average Net Profit/(Loss) for calculating CSR expenditure (₹ in crore) |
|---|---|---|---|---|
| | 2013 - 14 | 2012 - 13 | 2011 - 12 | |
| Net Profit (Loss)* | (515.55) | (329.23) | (379.74) | (408.17) |

**Dividend income of ₹ 5.77 Crores, ₹ 5.62 Crores and ₹ 6.09 Crores for the financial years 2013 - 14, 2012 - 13 and 2011 - 12 respectively have not been deducted from the net profits of the respective financial years in terms of the proviso to Clause (ii) to Rule 2(f) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.*

**4.** Prescribed CSR Expenditure (2% of the amount as in item 3 above):

**The Company has not made any profit during the last three financial years hence there can be no average net profit for the last three financial years. Therefore, there is no mandated CSR expenditure during the Financial Year 2014-15.**

**5.** Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year:

**Nil**

(b) Amount unspent, if any:

**Not Applicable**

(c) Manner in which the amount spent during the financial year is detailed below:

| Sl. No | CSR project or activity identified | Sector in which the Project is covered | Projects or programs (i) Local area or others; (ii) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure upto to the reporting period | Amount spent : Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| **Not Applicable for Financial Year under review** | | | | | | | |

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

**Not Applicable**

**7.** A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

**It is hereby stated that the implementation and monitoring of CSR Policy is in compliance/ will be in compliance with CSR objectives and Policy of the Company.**

**For and on behalf of the Board of Directors**

**Place: Kolkata**
**Date: 19th October, 2015**

**Arvind Kumar Singh**
*CEO - Business Operations*

**Manjushree Khaitan**
*Chairperson of CSR Committee*

*ANNEXURE - V*

# FORM NO. AOC-2

*(Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis : None. Hence, not applicable.**

(a) Name(s) of the related party and nature of relationship :

(b) Nature of contracts/arrangements/transactions :

(c) Duration of the contracts/arrangements/transactions :

(d) Salient terms of the contracts or arrangements or transactions including the value, if any :

(e) Justification for entering into such contracts or arrangements or transactions :

(f) Date(s) of approval by the Board :

(g) Amount paid as advances, if any :

(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188:

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

(a) Name(s) of the related party and nature of relationship: **Cavendish Industries Limited, a material non-listed subsidiary.**

(b) Nature of contracts/arrangements/transactions: **Sale of undertaking of the Company.**

(c) Duration of the contracts/arrangements/transactions: **One time.**

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

**The Company has transferred its undertaking consisting of its tyre manufacturing facility at Laksar, District Haridwar, Uttarakhand through a slump sale to its subsidiary, Cavendish Industries Limited. Consideration for such transfer stands at ₹ 2,195 crores.**

(e) Date(s) of approval by the Board, if any: **12th February, 2015 & Shareholder approval on 26th March, 2015.**

(f) Amount paid as advances, if any: **Nil.**

**Kamal Chand Jain**
*Whole-time Director*

**Manjushree Khaitan**
*Executive Vice Chairperson*

**Arvind Kumar Singh**
*CEO - Business Operations*

**Tridib Kumar Das**
*Chief Financial Officer*

**Kashi Prasad Khandelwal**
**Sudip Banerjee**
*Directors*

**Gautam Ganguli**
*Company Secretary*

**Place: Kolkata**
**Date : 19th October, 2015**

*ANNEXURE - VI*

# FORM NO. MR-3

## SECRETARIAL AUDIT REPORT
## FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

**TO**
**THE MEMBERS**
**KESORAM INDUSTRIES LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KESORAM INDUSTRIES LIMITED. Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the KESORAM INDUSTRIES LIMITED books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by KESORAM INDUSTRIES LIMITED for the Financial Year ended on 31st March, 2015 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (NOT APPLICABLE TO THE COMPANY DURING THE PERIOD UNDER AUDIT)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (NOT APPLICABLE TO THE COMPANY DURING THE PERIOD UNDER AUDIT) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (NOT APPLICABLE TO THE COMPANY DURING THE PERIOD UNDER AUDIT)

I have also examined compliance with the applicable Clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. (NOT APPLICABLE DURING THE PERIOD UNDER AUDIT)

(ii) The Listing Agreements entered into by the Company with NATIONAL STOCK EXCHANGE, BOMBAY STOCK EXCHANGE, CALCUTTA STOCK EXCHANGE and LUXEMBOURG STOCK EXCHANGE.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. However, the new sets of Memorandum and Articles of Association as per Table A and Table F of the Act are yet to be approved by the shareholders.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company Commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period and subsequent thereto, the company has

(i) allotted 2000, 10.50% Secured Redeemable Non-convertible Debentures to AXIS Bank Limited worth ₹ 200 crores.

(ii) entered into an agreement with its subsidiary Cavendish Industries Limited whereby Company's automotive tyre manufacturing facility at Laksar, District Haridwar, Uttarakhand valuing ₹ 2195 crores was transferred to Cavendish Industries Limited. As part consideration of such transfer, the Company was allotted shares to the tune of ₹ 700 crores. The total investment of the Company in Cavendish Industries Limited stands at ₹ 700,04,60,000 and Cavendish Industries Limited is now a 99.9994% owned subsidiary of the Company.

**Place: Kolkata** **SALIL BANERJEE**
**Date: 15th October, 2015** **FCS 2288 C P No. 1140**

*ANNEXURE - VII*

**Details as required under Sections 134(3)(q) and 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2015**

| Sl No. | Requirement | Details |
|---|---|---|
| (i) | The ratio of the remuneration of each Director to the median of remuneration of employees of the Company for the Financial Year. | Basant Kumar Birla - 0.62:1<br>Manjushree Khaitan - N.A.<br>Pesi Kushru Choksey - 1.14:1<br>Amitabha Ghosh - 0.88:1<br>Vinay Sah - 0.88:1<br>Kashi Prasad Khandelwal - 1.50:1<br>Sudip Banerjee - 0.88:1<br>Steven John Dekrey - 0.85:1<br>Lee Seow Chuan - 0.67:1<br>Kamal Chand Jain - 204.52:1<br>Amolak Preet Singh - 11.07:1 |
| (ii) | The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in Financial Year. | **Directors :**<br>Basant Kumar Birla - 50.00<br>Manjushree Khaitan - N.A. #<br>Pesi Kushru Choksey - 214.29<br>Amitabha Ghosh - 112.50<br>Vinay Sah - 70.00<br>Kashi Prasad Khandelwal - 16.00<br>Sudip Banerjee - N.A.*<br>Steven John Dekrey - N.A.*<br>Lee Seow Chuan - N.A.*<br>Kamal Chand Jain - 15.78<br>Amolak Preet Singh - N.A.**<br>*# no remuneration was paid to the Executive Vice Chairperson.*<br>**appointed during the year.*<br>*** tenure 01/12/2014 to 14/01/2015*<br><br>**Key Managerial Personnel :**<br>Arvind Kumar Singh, CEO - Business Operations - 19.80<br>Tridib Kumar Das, CFO - 46.89<br>Gautam Ganguli, CS - 39.83 |
| (iii) | The percentage increase in median remuneration of employees in the Financial Year. | (-)7.49% |
| (iv) | The number of permanent employees on the rolls of Company. | 13,676 employees as on 31.03.2015 |
| (v) | The explanation on the relationship between average increase in remuneration and Company performance. | The average increase in employee remuneration was 7%. While the Company's overall performance was below expectations, the Cement Business EBIDTA registered a marked improvement during the year. |
| (vi) | Comparison of the remuneration of Key Managerial Personnel (KMP) against the performance. | Increase in KMP remuneration is based, *inter alia*, on a combined view of talent brought to table, Company's business interests, industry standards and applicable regulatory framework. |

| Sl No. | Requirement | Details |
|---|---|---|
| (vii) | Variations in<br>a) the market capitalisation of the Company. | a) ₹ 486.83 crore as on 31st March, 2015 |
| | b) price earnings ratio, as at the closing date of the current Financial Year and previous Financial Year. | b) Not computed in view of loss. |
| | c) percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with last public offer. | c) Increase of 79.69% |
| (viii) | a) Average percentile increase already made in salaries of employees other than the managerial personnel in the last Financial Year | a) 5.47% |
| | b) Its comparison with the percentile increase in the managerial remuneration. | b) 28.88% |
| | c) Justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | c) Increase in remuneration granted based, *inter alia*, on an overall appraisal of talent brought to table, Company's business interests, industry standards and applicable regulatory framework. |
| (ix) | Comparison of the each remuneration of the KMP against the performance of the Company. | Same as in (vi) above. |
| (x) | The key parameters for any variable component of remuneration availed by the Directors. | No variable component. |
| (xi) | The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year. | Not applicable. |
| (xii) | Affirmation that the remuneration is as per the remuneration policy of the Company. | Yes |

*ANNEXURE - VIII*

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

*[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Account) Rules, 2014]*

## A. CONSERVATION OF ENERGY:

### i) Steps taken or impact on conservation of energy:

The Company constantly endeavours to engage in the process of energy conservation through continuous improvement in operation and maintenance practices. Following measures have been taken by various businesses of the Company:

**Cement**

Installation of SF- ABC cooler at line -3 & 4 to reduce heat loss, Conversion of U- 2 Kiln & Raw Mill ESP to Bag house, CPP Unit-4 air preheater modified from Horizontal to Vertical tube, Thermact catalyst used in Captive power plant for better combustion, use of BIMS software for blasting in mines, installed small Wind Mill at Raw Mill Section Bag filter, Cyclone involutes portion refractory replaced by brick lining for better life, Kiln Speed increased from 3.5 to 3.8 RPM by considering GB limit in DC drive to optimize Kiln output, Raw Mill Fan Unit-1 & 2 Inlet Damper removed and reduced pressure loss of 20 mmwg, increased cooler static grate horse shoe height from 600mm to 700mm to improve heat recuperation, used 22068 MTs of alternative fuels as source for energy during FY 2014 - 15.

Kiln-2 Solid Flow Feeder surge hopper reciprocating compressor is replaced with twin lobe compressor, in TPH, Air Preheater 1st and 2nd chamber tubes completely replaced, Six Nos. of shell cooling fans were provided at Kiln-1 upper transition zone to reduce the Thermal losses, avoided running of ACW pump by providing interlink between CWP and ACW pump headers by providing required number of NRVS, application of Lithopone paint to reduce the radiation and early detection of high radiation zone with discoloration, Kiln-1 Coal Mill-1 CDC Fan suction box pressure drop reduced by 40mmwg by replacing existing suction box with smooth bend, idle running of Kiln-1 pre duster collecting dust conveying drag chain is avoided by providing drag chain operation in DCS, avoided idle running of IR compressors at Packing Plant and provided remote OFF and ON control indications.

**Tyre**

Installation of VFD in Boiler feed Pump for Boiler 5 & 6, Coal feeder in Boiler 1 & 2, installation of LED Tube light in tyre building and tyre inspection area, replacement of HPMV lamp to Tube light with reduction of height in Dual Extruder, stopped one package AC in 2 roll calendar control room by doing partition in open space, reduced AC room temperature setting in Technical lab by doing partition and stop one package AC or chemical Lab where not required, provided machine interlock to stop the tool heater and tube light supply in tyre building machine, provided machine run interlock for incoming air line to stop air when machine is not running in tyre building machine. Optimum utilization by synchronization of compressors, optimization and modification of AHU and AC, optimum utilization of process cooling supply pump (55 kw) by reducing pressure.

**Rayon**

Installation of Pot motor for 22 machines, installation of VFD in coning, automation of engine room vacuum pump.

### ii) Steps taken by the Company for utilising alternate sources of energy :

**Cement**

Facility created for use of Black carbon along with fine coal by pumping in raw coal bin directly, installed Solar heating in Workers Canteen, installed Solar lighting in plant.

Consumed 2316 MTs of Hazardous waste as Alternate Fuel along with raw coal which reduced Coal consumption, Blending of C-Grade coal with B-Grade coal.

**Tyre**

None

**Rayon**

None

### iii) Capital investment on energy conservation equipments :

**Vasavadatta Cement**

₹ 31.48 crores

**Kesoram Cement**

₹ 0.17 crores

**Tyre**

Nil

**Kesoram Rayon**

₹ 0.40 crores

**B. TECHNOLOGY ABSORPTION:**

**i) Efforts made towards technology absorption**

**Cement**

Installation of SF- ABC cooler at line -3 & 4 to reduce heat loss, conversion of U- 2 Kiln & Raw Mill ESP to Bag house.

Replaced Kiln-1 LNV Cooler internals to increase recuperation efficiency of the Cooler, replaced Cement Mill-1 double wave liners with Universal Wega liners to improve the grinding efficiency, Cement Mill conventional diaphragm replaced with level control diaphragm to improve grinding efficiency.

**Tyre**

Reduction of tyre weight and rolling resistance meeting the EU regulation for selling tyre in Europe. New premium product like Ultra Miler, D351 and A531 were developed. Imported SBR rubber and Steel Cord were substituted by new domestic supplies.

**Rayon**

None

**ii) Benefits derived like product improvement, cost reduction, product development or import substitution:**

**Cement**

Clinker temperature reduced from 280 - 285 degrees to 160 - 170 degrees, hence reduction in heat loss leading to coal saving, consumed 13838 MTs of black carbon powder along with raw coal which reduced Coal consumption.

Clinker temperature reduced from 150 degrees to 140 degrees, hence reduction in heat loss leading to coal saving, application of heat resistance Paint to preheater cyclones to reduce preheater radiation losses.

**Tyre**

Reduction of tyre weight and rolling resistance of tyre. Meeting the EU regulation for selling tyre in Europe.

**Rayon**

None

**iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year):**

No technology was imported during the last three years by the Company.

**iv) Expenditure incurred on Research & Development:**

**Cement**

₹ 4.99 crores

**Tyre**

₹ 1.48 crores

**Rayon**

Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

₹ / crore

| | 2014 - 2015 | 2013 - 2014 |
|---|---|---|
| Foreign exchange earned (F.O.B basis) | 126.82 | 370.69 |
| Foreign exchange outflow | 658.83 | 607.85 |

*ANNEXURE - IX*

# FORM NO. MGT-9

## EXTRACT OF ANNUAL RETURN

**as on the Financial Year ended on 31st March, 2015**

*[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| (i) | CIN | L17119WB1919PLC003429 |
| (ii) | Registration Date | 18th October, 1919 |
| (iii) | Name of the Company | KESORAM INDUSTRIES LIMITED |
| (iv) | Category/Sub-Category of the Company | Public Company |
| (v) | Address of the Registered Office and contact details | 8th Floor, Birla Building<br>9/1, R.N. Mukherjee Road, Kolkata 700001.<br>Phone: 033-22429454/22435453<br>Fax: 033-22109455<br>E-mail: corporate@kesoram.net |
| (vi) | Whether listed company | Yes |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | MCS Share Transfer Agent Limited<br>12/1/5, Manoharpukur Road, Kolkata 700026<br>Phone: (033) 4072 4051 to 4053, Fax: (033) 4072 4050<br>E-mail: mcssta@rediffmail.com |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---|---|---|---|
| 1 | Tyres & Tubes | 22111 | 45.58 |
| 2 | Cement | 23942 | 36.77 |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

| Sl. No. | Name and Address of the Company | CIN | Holding / Subsidiary / Associates | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Cavendish Industries Limited<br>8th Floor, Birla Building<br>9/1, R. N. Mukherjee Road<br>Kolkata 700 001 | U74900WB2015PLC204899 | Subsidiary | 99.99 | 2(87) |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### *i) Category-wise Share Holding*

| Category of Shareholders | No. of Shares held as on 1st April, 2014 | | | | No. of Shares held as on 31st March, 2015 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual/HUF | 1313573 | Nil | 1313573 | 1.20 | 1312409 | Nil | 1312409 | 1.20 | Nil |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c ) State Govt (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 51624068 | Nil | 51624068 | 47.03 | 51289068 | - | 51289068 | 46.72 | 0.31 |
| e) Banks/FIs | - | - | - | - | - | - | - | - | - |
| f ) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A)(1)** | 52937641 | Nil | 52937641 | 48.23 | 52601477 | - | 52601477 | 47.92 | 0.31 |
| **(2) Foreign** | | | | | | | | | |
| a ) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| b ) Others-Individuals | - | - | - | - | - | - | - | - | - |
| c ) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d ) Banks/FIs | - | - | - | - | - | - | - | - | - |
| e ) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A)(2)** | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **Total shareholding of Promoter (A) =(A)(1)+(A)(2)** | 52937641 | Nil | 52937641 | 48.23 | 52601477 | - | 52601477 | 47.92 | (-)0.31 |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institution** | | | | | | | | | |
| a ) Mutual Funds | 415259 | 11430 | 426689 | 0.39 | 145460 | 11430 | 156890 | 0.14 | (-) 0.25 |
| b ) Banks/FIs | 1472920 | 19402 | 1492322 | 1.36 | 1445007 | 19402 | 1464409 | 1.33 | (+) 0.03 |
| c ) Central Govt | - | - | - | - | - | - | - | - | - |
| d ) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f ) Insurance Companies | 4551028 | 200 | 4551228 | 4.15 | 4337086 | 200 | 4337286 | 3.95 | (-) 0.20 |
| g ) FIIs | 4648594 | 7100 | 4655694 | 4.24 | 5384187 | 7100 | 5391287 | 4.91 | (+)0.67 |
| h ) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i ) Others (specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(1)** | 11087801 | 38132 | 11125933 | 10.14 | 11311740 | 38132 | 11349872 | 10.33 | (+) 0.19 |
| **2. Non-Institutions** | | | | | | | | | |
| a ) Bodies Corporate | | | | | | | | | |
| i) Indian | 10500716 | 158661 | 10659377 | 9.71 | 9676042 | 156011 | 9832053 | 8.96 | (-) 0.75 |
| ii) Overseas | 3741945 | 790 | 3742735 | 3.41 | 3741945 | 790 | 3742735 | 3.41 | 0.00 |
| b ) Individuals | | | | | | | | | |
| i) Individuals shareholders holding nominal share capital upto ₹ 1 lakh | 9421914 | 1270561 | 10692475 | 9.74 | 11468958 | 1225372 | 12694330 | 11.56 | (+) 1.82 |
| ii) Individuals shareholders holding nominal share capital excess of ₹ 1 lakh | 12532009 | 24822 | 12556831 | 11.44 | 11857823 | 24822 | 11882645 | 10.83 | (-) 0.61 |

| Category of Shareholders | No. of Shares held as on 1st April, 2014 | | | | No. of Shares held as on 31st March, 2015 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total shares | Demat | Physical | Total | % of Total shares | |
| c ) Others (specify) | | | | | | | | | |
| i) NRI | 838403 | 7209 | 845612 | 0.77 | 451580 | 7209 | 458789 | 0.42 | (-)0.35 |
| ii ) Enemy Property | - | 8099 | 8099 | 0.01 | - | 8099 | 8099 | 0.01 | 0.00 |
| iii ) Trust | 3173 | - | 3173 | 0.00 | 2922 | - | 2922 | 0.00 | 0.00 |
| iv ) Unclaimed Suspense A/c | 154899 | - | 154899 | 0.14 | 153853 | - | 153853 | 0.14 | 0.00 |
| **Sub-total (B)(2)** | 37193059 | 1470142 | 38663201 | 35.22 | 37353123 | 1422303 | 38775426 | 35.33 | (+)0.11 |
| **Total Public Shareholding (B)=(B)(1)+(B)(2)** | 48280860 | 1508274 | 49789134 | 45036 | 48664863 | 1460435 | 50125298 | 45.66 | (+)0.30 |
| **C. Shares held by Custodian for GDRs & ADRs** | **7041875** | **-** | **7041875** | **6.42** | **7041875** | **-** | **7041875** | **6.42** | **0.00** |
| **Grand Total (A+B+C)** | **108260376** | **1508274** | **109768650** | **100%** | **108308215** | **1460435** | **109768650** | **100%** | **0.00** |

## (ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding as on 1st April, 2014 | | | Share holding as on 31st March, 2015 | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Basant Kumar Birla | 402496 | 0.367 | - | 402496 | 0.367 | - | 0.00 |
| 2 | Sarala Devi Birla* | 121802 | 0.111 | - | 121802 | 0.111 | - | 0.00 |
| 3 | Rajashree Birla | 3250 | 0.003 | - | 3250 | 0.003 | - | 0.00 |
| 4 | Kumar Mangalam Birla | 300 | 0.000 | - | 300 | 0.000 | - | 0.00 |
| 5 | Vasavadatta Bajaj | 5750 | 0.005 | - | 5750 | 0.005 | - | 0.00 |
| 6 | Jayashree Mohta | 65078 | 0.059 | - | 65078 | 0.059 | - | 0.00 |
| 7 | Manjushree Khaitan | 598356 | 0.545 | - | 598356 | 0.545 | - | 0.00 |
| 8 | Vidula Jalan | 115377 | 0.105 | - | 115377 | 0.105 | - | 0.00 |
| 9 | Krishna Gopal Maheshwari** | 1164 | 0.001 | - | 0 | 0.000 | - | 0.001 |
| 10 | Manav Investment & Trading Company Ltd. | 9887525 | 9.008 | - | 9552525 | 8.702 | - | 0.306 |
| 11 | Aditya Marketing & Manufacturing Ltd. | 2449111 | 2.231 | - | 2449111 | 2.231 | - | 0.00 |
| 12 | Parvati Tea Company Private Ltd. | 1182213 | 1.077 | - | 1182213 | 1.077 | - | 0.00 |
| 13 | B.K. Birla Foundation | 7012 | 0.006 | - | 7012 | 0.006 | - | 0.00 |
| 14 | Birla Education Trust | 954171 | 0.869 | - | 954171 | 0.869 | - | 0.00 |
| 15 | Prakash Educational Society | 910922 | 0.830 | - | 910922 | 0.830 | - | 0.00 |
| 16 | Birla Educational Institution | 362643 | 0.330 | - | 362643 | 0.330 | - | 0.00 |
| 17 | Birla Institute of Technology & Science | 1515806 | 1.381 | - | 1515806 | 1.381 | - | 0.00 |
| 18 | Century Textiles & Industries Ltd. | 5116800 | 4.661 | - | 5116800 | 4.661 | - | 0.00 |
| 19 | Pilani Investment And Industries Corporation Ltd. | 27338750 | 24.906 | - | 27338750 | 24.906 | - | 0.00 |
| 20 | Padmavati Investment Ltd. | 1899115 | 1.730 | - | 1899115 | 1.730 | - | 0.00 |
| | **Total** | **52937641** | **48.225** | **-** | **52601477** | **47.918** | | **0.307** |

**deceased on 28/03/2015. Shares will be transmitted within promoter group.*
***deceased on 05/12/2014*

**(iii)** ***Change in Promoters' Shareholding (please specify, if there is no change)***

| Sl. No. | Name of Promoter | Shareholding as on 1st April, 2014 | | Shareholding as on 31st March, 2015 | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Krishna Gopal Maheshwari* | 1164 | 0.001 | 0 | 0 |
| 2 | Manav Investment & Trading Company Limited | 9887525 | 9.008 | 9552525 | 8.702 |

**deceased on 05/12/2014*

***(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)***

| Sl. No. | Name of Promoter | Shareholding as on 1st April, 2014 | | Shareholding as on 31st March, 2015 | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Jhunjhunwala Rekha Rakesh | 7500000 | 6.83 | 5000000 | 4.56 |
| 2 | Life Insurance Corporation of India | 4983817 | 4.54 | 3716952 | 3.39 |
| 3 | Devi Investment And Development INC. | 3441945 | 3.14 | 3441945 | 3.14 |
| 4 | Finquest Securities Private Ltd. | 2190900 | 2.00 | 677900 | 0.62 |
| 5 | National Westminster Bank PLC – As Trustee | 1424000 | 1.30 | 0* | 0.00 |
| 6 | Century Enka Ltd. | 1403985 | 1.28 | 1403985 | 1.28 |
| 7 | Bharat Jayantilal Patel | 1125007 | 1.02 | 1379446 | 1.26 |
| 8 | Jupiter South Asia Investment Company Ltd. | 924000 | 0.84 | 0* | 0.00 |
| 9 | Prakash Educational Society | 910922 | 0.83 | 0* | 0.00 |
| 10 | Teen Lok Advisory Services Private Ltd. | 800000 | 0.73 | 0* | 0.00 |
| 11 | Orange Mauritius Investments Ltd. | 0 | 0.00 | 1500000 | 1.37 |
| 12 | Life Insurance Corporation of India P&GS Fund | 0 | 0.00 | 1266865 | 1.15 |
| 13 | EOS Multi Strategy Fund Ltd. | 0 | 0.00 | 1180000 | 1.07 |
| 14 | Dimensional Emerging Markets Value Fund | 0 | 0.00 | 802002 | 0.73 |
| | | **24704576** | **22.51** | **20369095** | **18.56** |

** the shareholding had ceased and was not part of top 10 shareholders on 31/03/2015.*

*(v) Shareholding of Directors and Key Managerial Personnel*

| Sl. No. | Name of Promoter | Shareholding as on 1st April, 2014 | | Shareholding as on 31st March, 2015 | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Basant Kumar Birla | 402496 | 0.37 | 402496 | 0.37 |
| 2 | Manjushree Khaitan | 598356 | 0.55 | 598356 | 0.55 |
| 3 | Krishna Gopal Maheshwari* | 1164 | 0.00 | 0 | 0.00 |
| 4 | Pesi Kushru Choksey | 500 | 0.00 | 500 | 0.00 |
| 5 | Arvind Kumar Singh | 16000 | 0.01 | 16000 | 0.01 |
| 6 | Gautam Ganguli | 700 | 0.00 | 740 | 0.00 |
| | | **1019216** | **0.93** | **1018092** | **0.93** |

** deceased on 05/12/2014.*

## V. INDEBTEDNESS

**Indebtedness of the Company including interest outstanding/accrued but not due for payment** ₹ / crore

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the Financial Year (1st April, 2014)** | | | | |
| i) Principal Amount | 4526.08 | 46.82 | 335.20 | 4908.10 |
| ii) Interest due but not paid | 23.54 | - | 0.04 | 23.58 |
| iii) Interest accrued but not due | 3.42 | - | - | 3.42 |
| **Total (i+ii+iii)** | **4553.04** | **46.82** | **335.24** | **4935.10** |
| **Change in Indebtedness during the Financial Year** | | | | |
| Addition | 1769.15 | 335.99 | 91.96 | 2197.10 |
| Reduction | 1596.55 | 175.34 | 135.57 | 1907.46 |
| **Net Change** | **172.60** | **160.65** | **(43.61)** | **289.64** |
| **Indebtedness at the end of the Financial Year** | | | | |
| i) Principal Amount | 4698.68 | 207.47 | 286.24 | 5192.39 |
| ii) Interest due but not paid | 20.53 | - | 3.94 | 24.47 |
| iii) Interest accrued but not due | 3.17 | - | 1.45 | 4.62 |
| **Total (i+ii+iii)** | **4722.38** | **207.47** | **291.63** | **5221.48** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

**A.** Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. No. | Particulars of Remuneration | Name of WTD | | | Total Amount ( ₹ ) |
|---|---|---|---|---|---|
| | | Kamal Chand Jain | Amolak Preet Singh * | Manjushree Khaitan ** | |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 3,54,73,948 | 20,53,586 | Nil | 3,75,27,534 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 21,89,600 | Nil | Nil | 21,89,600 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2. | Stock Option | Nil | Nil | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil | Nil | Nil |
| 4. | Commission<br>- as % of profit<br>- others | Nil | Nil | Nil | Nil |
| 5. | Others | | | | |
| | Provident Fund | 18,00,000 | 87968 | Nil | 18,87,968 |
| | Superannuation Fund | 1,00,000 | Nil | Nil | 1,00,000 |
| | **Total (A)** | **3,95,63,548** | **21,41,554** | **Nil** | **4,17,05,102** |
| | **Ceiling as per Act** | Remuneration is within limits of provisions of law | | | |

** Tenure: 01/12/2014 to 14/01/2015*

*** No remuneration paid by the Company.*

**B. Remuneration to other Directors:**

I. Independent Directors

| Particulars of Remuneration | Name of Directors | | | | Total Amount (₹) |
|---|---|---|---|---|---|
| | Pesi Kushru Choksey | Amitabha Ghosh | Kashi Prasad Khandelwal | Sudip Banerjee | |
| Fees for attending Board & Committee Meetings | 2,20,000 | 1,70,000 | 2,90,000 | 1,70,000 | 8,50,000 |
| Commission | Nil | Nil | Nil | Nil | Nil |
| Others | Nil | Nil | Nil | Nil | Nil |
| **Total (1)** | **2,20,000** | **1,70,000** | **2,90,000** | **1,70,000** | **8,50,000** |

II. Other Non-Executive Directors

| Particulars of Remuneration | Name of Directors | | | | Total Amount (₹) |
|---|---|---|---|---|---|
| | Basant Kumar Birla | Vinay Sah | Steven John Dekrey* *(resigned on 08/06/2015)* | Lee Seow Chuan * | |
| Fees for attending Board & Committee Meetings | 1,20,000 | 1,70,000 | 1,64,719 | 1,30,248 | 5,84,967 |
| Commission | Nil | Nil | Nil | Nil | Nil |
| Others | Nil | Nil | Nil | Nil | Nil |
| **Total (2)** | **1,20,000** | **1,70,000** | **1,64,719** | **1,30,248** | **5,84,967** |
| **Total B = (1)+(2)** | | | | | **14,34,967** |
| **Ceiling as per Act** | Remuneration is within limits of provisions of law | | | | |

** Includes Income Tax borne by the Company*

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total (₹) |
|---|---|---|---|---|---|
| | | Chief Executive Officer - Business Operations | Company Secretary | Chief Financial Officer | |
| 1. | Gross Salary | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 3,34,00,000 | 1,76,00,000 | 2,91,00,000 | 8,01,00,000 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 39,52,564 | 6,48,718 | 7,67,168 | 53,68,450 |
| | (c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2. | Stock Option | Nil | Nil | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil | Nil | Nil |
| 4. | Commission<br>- as % of profit<br>- others | Nil | Nil | Nil | Nil |
| 5. | Others | | | | |
| | - PF | 7,20,000 | 5,76,000 | 6,48,000 | 19,44,000 |
| | **Total** | **3,80,72,564** | **1,88,24,718** | **3,05,15,168** | **8,74,12,450** |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

| TYPE | SECTION OF COMPANIES ACT | BRIEF DESCRIPTION | DETAILS OF PENALTY/ PUNISHMENT/ COMPOUNDING FEES IMPOSED | AUTHORITY [RD/NCLT/COURT] | APPEAL MADE, IF ANY |
|---|---|---|---|---|---|
| **A.** | **COMPANY** | | | | |
| | **PENALTY** | Nil | | | |
| | **PUNISHMENT** | | | | |
| | **COMPOUNDING** | | | | |
| **B.** | **DIRECTORS** | | | | |
| | **PENALTY** | Nil | | | |
| | **PUNISHMENT** | | | | |
| | **COMPOUNDING** | | | | |
| **C.** | **OTHER OFFICERS IN DEFAULT** | | | | |
| | **PENALTY** | Nil | | | |
| | **PUNISHMENT** | | | | |
| | **COMPOUNDING** | | | | |

## Summarised Balance Sheet for the Last Five Years

(₹ / Crore)

| | 3/31/2015 | 31-03-2014 | 31-03-2013 | 31-03-2012 | 31-03-2011 |
|---|---|---|---|---|---|
| **A. ASSETS OWNED BY THE COMPANY** | | | | | |
| **1. NON CURRENT ASSETS** | | | | | |
| a. Net Fixed Assets | | | | | |
| Gross Fixed Assets | 3,784.58 | 6,210.11 | 6,091.91 | 5,854.03 | 5,295.52 |
| Less: Total Depreciation | 1,689.60 | 2,252.17 | 1,940.65 | 1,643.30 | 1,349.17 |
| | **2,094.98** | **3,957.94** | **4,151.26** | **4,210.73** | **3,946.35** |
| b. Non Current Investments | 66.36 | 66.36 | 66.36 | 66.36 | 65.82 |
| c. Long Term Loans and Advances | 85.44 | 89.77 | 126.66 | 156.23 | 270.79 |
| d. Other Non Current Assets | 0.48 | 0.32 | 0.94 | 2.21 | 1.89 |
| **2. CURRENT ASSETS** | | | | | |
| a. Current Investments | 700.05 | – | – | – | – |
| b. Inventories | 734.06 | 894.13 | 912.75 | 995.16 | 1,118.55 |
| c. Trade Receivables | 766.72 | 904.00 | 835.67 | 672.44 | 630.20 |
| d. Cash and Bank Balances | 140.27 | 77.21 | 83.66 | 69.59 | 72.89 |
| e. Short Term Loans and Advances | 1,532.94 | 217.54 | 282.97 | 311.73 | 336.52 |
| f. Other Current Assets | 7.26 | 25.11 | 13.63 | 38.26 | 12.91 |
| **Total Assets** | **6,128.56** | **6,232.38** | **6,473.90** | **6,522.71** | **6,455.92** |
| **B. (i) DUES TO BE PAID BY THE COMPANY** | | | | | |
| **1. NON CURRENT LIABILITIES** | | | | | |
| a. Long Term Borrowings | 3,364.62 | 2,549.75 | 2,774.39 | 2,755.77 | 1,748.36 |
| b. Deferred Tax Liabilities (net) | – | – | – | 57.21 | 386.42 |
| **2. CURRENT LIABILITIES** | | | | | |
| a. Short Term Borrowings | 1,131.93 | 1,494.11 | 1,630.80 | 1,349.57 | 1,474.19 |
| b. Trade Payables | 563.10 | 585.39 | 490.63 | 527.85 | 549.74 |
| c. Other Current Liabilities | 912.14 | 1,059.08 | 918.09 | 845.74 | 949.64 |
| d. Short Term Provisions | 69.42 | 73.24 | 79.75 | 71.56 | 47.32 |
| **Total Liabilities** | **6,041.21** | **5,761.57** | **5,893.66** | **5,607.70** | **5,155.67** |
| **(ii) THEREFORE, COMPANY'S NET WORTH REPRESENTED BY** | | | | | |
| **1.** Equity Share Capital | 109.77 | 109.77 | 45.74 | 45.74 | 45.74 |
| **2.** Reserves & Surplus | (22.42) | 361.04 | 534.50 | 869.27 | 1,254.51 |
| | **87.35** | **470.81** | **580.24** | **915.01** | **1,300.25** |

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

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

(₹./ Crore)

| | | | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|---|---|---|---|---|---|---|
| **RECEIPTS** | | | | | | | |
| 1. | Revenue from Operations | | 4,873.37 | 5,080.91 | 5,710.82 | 5,920.86 | 5,438.43 |
| 2. | Other Income | | 474.95 | 124.54 | 131.04 | 95.22 | 121.06 |
| | **Total Receipts** | **A** | **5,348.32** | **5,205.45** | **5,841.86** | **6,016.08** | **5,559.49** |
| **EXPENDITURES** | | | | | | | |
| 1. | Raw Materials and Finished Goods | | 2,087.08 | 2,430.21 | 2,877.14 | 3,601.35 | 2,993.32 |
| 2. | Employee Benefit Expenses | | 469.61 | 412.12 | 384.05 | 334.68 | 273.55 |
| 3. | Other Expenses | | 2,200.83 | 1,952.49 | 2,137.57 | 2,082.75 | 1,908.82 |
| 4 | Finance Costs | | 680.58 | 572.83 | 514.36 | 410.15 | 263.57 |
| | **Total Expenses** | **B** | **5,438.10** | **5,367.65** | **5,913.12** | **6,428.93** | **5,439.26** |
| **GROSS PROFIT/(LOSS)** | | **(A - B)** | **(89.78)** | **(162.20)** | **(71.26)** | **(412.85)** | **120.23** |
| **APPROPRIATIONS/TRANSFERS** | | | | | | | |
| 1. | Depreciation (Net) | | 276.90 | 318.10 | 305.93 | 297.40 | 272.58 |
| 2. | Provision for Taxation | | – | – | – | – | – |
| 3. | Reversal of MAT Credit Entitlement | | – | 35.25 | 9.25 | – | – |
| 4 | Provision for Deferred Tax - charge / (credit) | | – | – | (57.21) | (329.21) | 57.98 |
| 5. | Provision for Fringe Benefit Tax - charge / (credit) | | – | – | – | (1.30) | (0.12) |
| 6. | Transfer to/(from) Debenture Redemption Reserve | | – | – | – | (65.00) | (61.25) |
| 7. | Interim Dividend (with Distribution Tax thereon) | | – | – | – | – | 12.00 |
| 8. | Proposed Dividend (with Distribution Tax thereon) | | – | – | 5.35 | 5.31 | 17.28 |
| 9. | Reserves | | – | – | – | – | – |
| 10. | Surplus/(Deficit) | | (366.68) | (515.55) | (334.58) | (320.05) | (178.24) |
| | | | **(89.78)** | **(162.20)** | **(71.26)** | **(412.85)** | **120.23** |

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

# INDEPENDENT AUDITORS' REPORT

**To the Members of Kesoram Industries Limited**

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Kesoram Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the Accounting Standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

**Emphasis of Matter**

9. We draw your attention to Note No. 25 regarding the transfer of the Automotive Tyre Manufacturing Unit at Laksar to Cavendish Industries Limited (the subsidiary), on a slump sale basis for a consideration of ₹ 2195.00 crore and recognition of excess of net consideration over and above the carrying value of the Unit aggregating to ₹ 409.20 crore as exceptional income. Subsequently, vide a binding term sheet between the Company, its subsidiary and JK Tyre Group (the acquirer) (together referred to as the 'parties') dated September 12, 2015, the Company also intends to sell its investment in the subsidiary to the acquirer for a consideration of ₹ 2195.00 crore. The closing date of such transfer is December 31, 2015 and in the eventuality of such transaction not being complete within the aforesaid date, the parties can terminate the term sheet. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

10. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

    (a) We have sought and 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 it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

        i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015, on its financial position in its financial statements – Refer Note No. 31;

        ii. The Company has made provision as at March 31, 2015, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note No. 34;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata
October 19, 2015

## Annexure to Independent Auditors' Report

**Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the financial statements as of and for the year ended March 31, 2015**

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme 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 the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

ii. (a) The inventory excluding stocks with third parties has 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 verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. (a) The Company has granted unsecured loans, to a company covered in the register maintained under Section 189 of the Act. The Company has not granted any secured/ unsecured loans to firms or other parties covered in the register maintained under Section 189 of the Act.

(b) In respect of the aforesaid loans, the principal amount is fully provided for hence, its question of repayment does not arise.

(c) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.

iv. In our opinion, and according to the information and explanations given to us, 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 and fixed assets and for the sale of goods. 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 been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. The Company has not accepted any deposits during the year from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 74 and 75 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified, with regard to the deposits accepted from the public prior to the commencement of the Act. 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.

vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 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.

vii. (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 undisputed statutory dues in respect of Sales Tax and provident fund, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, wealth tax, duty of customs and duty of excise. However undisputed statutory dues including service tax and value added tax have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income tax, wealth-tax, duty of customs and cess which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of excise and value added tax as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹/Crore) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Central Excise Act, 1944 | Central Excise | 133.01 | 1993-1994 to 1996-97, 1999-2000 to 2002-03, 2001-02, 2002-03, 2005-06, 2003-05, 2004-05, 2003-04, 2001-02, 2002-03, 2003-05, 2003-06, 2004-05, 2005-06, 2006-07, 2006-08, 2006-09, 2006-10, 2007-08, 2007-09, 2008-09, 2009-10, 2010-11, 2011-12 | Customs, Excise & Service Tax Appellate Tribunal |
| Central Excise Act, 1944 | Central Excise | 5.01 | 1985-86 to 1989-90, 2000-01 to 2003-04, 2004-06, 2006-08, 2007-11, 2012-13 | Commissioner |
| Central Excise Act, 1944 | Central Excise | 7.37 | 1995-96, 1997-98, 2002-03, 2004-05, 2003-04, 2003-05, 2004-05, 2005-06, 2009-10, 2009-11, 2010-11 | Commissioner (Appeals) |
| Central Excise Act, 1944 | Central Excise | 0.10 | 1994-95, 2008-09 | High Court |
| Central Excise Act, 1944 | Central Excise | 0.06 | 1987-88, 2014-15 | Joint Commissioner |
| Central Excise Act, 1944 | Central Excise | 0.21 | 1979-81, 1980-81, 1982-83, 1995-96, 1996-97, 1999-00, 2012-13, 2014-15 | Superintendent of Central Excise |
| Central Sales Tax Act,1956 | Central Sales Tax | 0.17 | 1997-98, 1993-94, 1999-00, 2011-12 | Additional Commissioner |
| Central Sales Tax Act,1956 | Central Sales Tax | 0.03 | 2010-11 | Assessing Authority |
| Central Sales Tax Act,1956 | Central Sales Tax | 8.54 | 2009-10 | Commissioner |
| Central Sales Tax Act,1956 | Central Sales Tax | 8.93 | 2003-04, 2009-10 | High Court |
| Central Sales Tax Act,1956 | Central Sales Tax | 0.36 | 2011-12, 2012-13, 2013-14 | Joint Commissioner (Appeals) |
| Central Sales Tax Act,1956 | Central Sales Tax | 0.42 | 1995-96, 1998-99, 2007-08, 2008-09, 2010-11 | Revisional Board |
| Central Sales Tax Act,1956 | Central Sales Tax | 0.05 | 2001-02, 2004-05 | Senior Joint Commissioner |
| Central Sales Tax Act,1956 | Central Sales Tax | 18.82 | 2000-01, 2001-02, 2002-03, 2003-04 | Supreme Court |
| Central Sales Tax Act,1956 | Central Sales Tax | 6.49 | 1991-92, 1992-93, 1996-97, 1998-99, 1999-00, 2002-03, 2004-05, 2005-06, 2007-08, 2008-09, 2009-10, 2010-11 | Tribunal |

| Name of the statute | Nature of dues | Amount (₹/Crore) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Central Sales Tax Act,1956 | Central Sales Tax | 0.04 | 1995-96, 2006-07 | Appellate & Revisional Board |
| Central Sales Tax Act,1956 | Central Sales Tax | 0.52 | 2006-07 | Tribunal & High Court |
| Central Sales Tax Act,1956 | Central Sales Tax | 7.36 | 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 | WB Appellate & Revisional Board |
| Central Sales Tax Act,1956 | Central Sales Tax | 0.03 | 2012-13 | Deputy Commissioner, Commercial Taxes |
| Central Sales Tax Act,1956 | Central Sales Tax | 0.23 | 2003-04 | Commercial Tax Officer |
| UP Trade Tax Act,1948 | Central Sales Tax | 0.01 | 2005-06, 2006-07 | Additional Commissioner (Appeals) |
| Andhra Pradesh Sales Tax Act, 1957 | Sales Tax | 0.11 | 2003-04 | Appellate and Revisional Board |
| Andhra Pradesh Sales Tax Act, 1957 | Sales Tax | 0.06 | 2001-02 | High Court |
| Andhra Pradesh Sales Tax Act, 1957 | Sales Tax | 0.13 | 2001-02 | Tribunal |
| Bengal Finance Sales Tax Act,1941 | Sales Tax | 0.05 | 1987-88, 1995-96 | Tribunal |
| Bombay Sales Tax Act, 1959 | Sales Tax | 0.32 | 2002-03, 2003-04, 2004-05 | Tribunal |
| Delhi Sales Act, 1975 | Sales Tax | 0.42 | 1999-00 | Assessing Authority |
| Odisha Sales Tax Act, 1947 | Sales Tax | 0.02 | 1991-92 , 1992-93, 2004-05 | Assistant Commissioner, Commercial Taxes |
| Tamil Nadu General Sales Tax Act, 1959 | Sales Tax | 0.18 | 1999-00 | Chennai High Court |
| UP Trade Tax Act,1948 | Sales Tax | 0.11 | 2006-07 | Additional Commissioner (Appeals) |
| WB Sales Tax Act,1994 | Sales Tax | 0.21 | 1995-96, 1997-98 | Deputy Commissioner |
| WB Sales Tax Act,1994 | Sales Tax | 0.28 | 2001-02, 2004-05 | Senior Joint Commissioner |
| WB Sales Tax Act,1994 | Sales Tax | 3.40 | 1995-96, 2003-04, 2004-05, 1998-99 | West Bengal Appellate & Revisional Board |
| WB Sales Tax Act,1994 | Sales Tax | 0.06 | 1999-00 | Additional Commissioner, Sales Tax |
| Finance Act,1994 | Service Tax | 0.02 | 2007-09 | Additional Commissioner of Central Excise |
| Finance Act,1994 | Service Tax | 0.04 | 2007-08, 2008-09, 2009-10, 2009 - 2010, 2010-11 | Customs, Excise & Service Tax Appellate Tribunal |

| Name of the statute | Nature of dues | Amount (₹/Crore) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Finance Act,1994 | Service Tax | 0.46 | 2008-09 to 2009-10, 2012-13 | Commissioner |
| Finance Act,1994 | Service Tax | 0.73 | 2003-05, 2009-10, 2010-11, 2010-12 | Commissioner (Appeals) |
| Finance Act,1994 | Service Tax | 0.34 | 2009-12 | Assistant Commissioner |
| Andhra Pradesh VAT Act, 2005 | VAT | 0.26 | 2006-07, 2007-08 | Sales Tax Appellate Tribunal |
| Andhra Pradesh VAT Act, 2005 | VAT | 0.28 | 2007-08, 2008-09 | Tribunal |
| Bihar VAT Act, 2005 | VAT | 0.01 | 2008-09 | Joint Commissioner (Appeals) |
| Jharkhand VAT, 2005 | VAT | 0.14 | 2010-11 | Tribunal |
| Jharkhand VAT, 2005 | VAT | 0.20 | 2010-11 | Commissioner of Commercial Taxes |
| Maharashtra VAT Act, 2002 | VAT | 0.01 | 2008-09, 2012-13 | Deputy Commissioner |
| Maharashtra VAT Act, 2002 | VAT | 0.14 | 2005-06, 2007-07, 2008-09, 2009-10, 2010-11 | Joint Commissioner (Appeals) |
| Odisha Value Added Tax Act, 2004 | VAT | 5.26 | 2009-10 | Commissioner |
| Odisha Value Added Tax Act, 2004 | VAT | 1.43 | 2006-07, 2007-08, 2008-09 | CTC TRIBUNAL |
| Odisha Value Added Tax Act, 2004 | VAT | 0.71 | 2005-06 | High Court |
| Rajasthan VAT Act, 2003 | VAT | 0.01 | 2008-09 | Deputy Commissioner |
| UP VAT Act | VAT | 0.51 | 2010-11, 2011-12 | Additional Commissioner (Appeals) |
| Uttarakhand VAT Act, 2005 | VAT | 0.17 | 2013-14 | High Court |
| W.B VAT ACT, 2003 | VAT | 16.33 | 2007-08, 2008-09, 2009-10, 2010-11 | Revisional Board |
| W.B VAT ACT, 2003 | VAT | 0.10 | 2005-06 | Senior Joint Commissioner |
| W.B VAT ACT, 2003 | VAT | 0.16 | 2006-07 | Sales Tax Appellate Tribunal |
| W.B VAT ACT, 2003 | VAT | 6.07 | 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 | West Bengal Appellate & Revisional Board |
| W.B VAT ACT, 2003 | VAT | 1.75 | 2011-12 | Additional Commissioner, Commercial Taxes |

(c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. The Company has accumulated losses exceeding fifty percent of its networth as at the end of the financial year and it has also incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.

ix. According to the records of the Company examined by us and the information and explanation 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.

x. 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. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.

xi. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

xii. 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 material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata
October 19, 2015

# BALANCE SHEET AS AT 31ST MARCH, 2015

₹ / crore

| | Notes | 31st March, 2015 | 31st March, 2014 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | |
| **(1) SHAREHOLDERS' FUND** | | | |
| (a) Share capital | 3 | 109.77 | 109.77 |
| (b) Reserves and surplus | 4 | (22.42) | 361.04 |
| | | 87.35 | 470.81 |
| **(2) NON CURRENT LIABILITIES** | | | |
| (a) Long term borrowings | 5 | 3,364.62 | 2,549.75 |
| (b) Deferred tax liabilities (net) | 6 | – | – |
| | | 3,364.62 | 2,549.75 |
| **(3) CURRENT LIABILITIES** | | | |
| (a) Short term borrowings | 7 | 1,131.93 | 1,494.11 |
| (b) Trade payables | 8 | 563.10 | 585.39 |
| (c) Other current liabilities | 9 | 912.14 | 1,059.08 |
| (d) Short term provisions | 10 | 69.42 | 73.24 |
| | | 2,676.59 | 3,211.82 |
| **TOTAL** | | **6,128.56** | **6,232.38** |
| **II. ASSETS** | | | |
| **(1) NON CURRENT ASSETS** | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 11 | 1,540.95 | 3,216.62 |
| (ii) Intangible Assets | 11 | 5.71 | 10.49 |
| (iii) Capital work in progress | | 548.32 | 730.83 |
| | | 2,094.98 | 3,957.94 |
| (b) Non current investments | 12 | 66.36 | 66.36 |
| (c) Long Term loans and advances | 13 | 85.44 | 89.77 |
| (d) Other non current assets | 14 | 0.48 | 0.32 |
| | | 2,247.26 | 4,114.39 |
| **(2) CURRENT ASSETS** | | | |
| (a) Current Investments | 12 | 700.05 | – |
| (b) Inventories | 15 | 734.06 | 894.13 |
| (c) Trade receivables | 16 | 766.72 | 904.00 |
| (d) Cash and bank balances | 17 | 140.27 | 77.21 |
| (e) Short term loans and advances | 13 | 1,532.94 | 217.54 |
| (f) Other current assets | 14 | 7.26 | 25.11 |
| | | 3,881.30 | 2,117.99 |
| **TOTAL** | | **6,128.56** | **6,232.38** |
| Significant accounting policies | 2 | | |

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

**For Price Waterhouse**
Firm Registration Number 301112E
Chartered Accountants

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

Place: Kolkata
Date : 19th October, 2015

**Kamal Chand Jain**
*Whole-time Director*

**Arvind Kumar Singh**
*CEO - Business Operations*

**Tridib Kumar Das**
*Chief Financial Officer*

**Gautam Ganguli**
*Company Secretary*

**Manjushree Khaitan**
*Executive Vice-Chairperson*

**Kasi Prasad Khandelwal**
**Sudip Banerjee**
*Directors*

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

*₹ / crore, except per share data*

| | Notes | 2014-2015 | 2013-2014 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations (Gross) | 18 | 5,248.81 | 5,433.97 |
| Less: Excise Duty | | 375.44 | 353.06 |
| Revenue from operations (Net) | | 4,873.37 | 5,080.91 |
| Other Income | 19 | 65.75 | 124.54 |
| **Total Revenue (I)** | | **4,939.12** | **5,205.45** |
| **EXPENSES** | | | |
| Cost of materials consumed | 20 | 1,980.84 | 2,411.73 |
| Purchases of stock-in-trade | | 58.53 | 61.16 |
| Changes in inventories of finished goods, Work-in-progress and stock-in-trade | 21 | 47.71 | (42.68) |
| Employee benefits expense | 22 | 469.61 | 412.12 |
| Other expenses | 23 | 2,200.83 | 1,952.49 |
| **Total Expenses (II)** | | **4,757.52** | **4,794.82** |
| **Profit/(Loss)before interest, tax and depreciation and amortisation (EBITDA) [(I) - (II)]** | | **181.60** | **410.63** |
| Depreciation and amortization expenses | 11 | 276.90 | 318.23 |
| Less: Transfer from Revaluation of Fixed Assets | | – | 0.13 |
| | | 276.90 | 318.10 |
| Finance costs | 24 | 680.58 | 572.83 |
| **Profit/(Loss) before exceptional item and tax** | | **(775.88)** | **(480.30)** |
| Exceptional item (net) | 25 | 409.20 | – |
| **Profit/(Loss) before tax** | | **(366.68)** | **(480.30)** |
| Tax Expenses: | | | |
| Current Tax | | – | – |
| Reversal of MAT Credit Entitlement | | – | 35.25 |
| | | – | 35.25 |
| **Profit/(Loss) for the period** | | **(366.68)** | **(515.55)** |
| **Earnings per equity share** | 27 | | |
| [Nominal Value per share: ₹ 10 (2013-14: ₹ 10)] | | | |
| (a) Basic – ₹ | | (33.40) | (54.32) |
| (b) Diluted – ₹ | | (33.40) | (54.32) |
| Significant accounting policies | 2 | | |

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

**For Price Waterhouse**
Firm Registration Number 301112E
Chartered Accountants

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

Place: Kolkata
Date : 19th October, 2015

**Kamal Chand Jain**
*Whole-time Director*

**Arvind Kumar Singh**
*CEO - Business Operations*

**Tridib Kumar Das**
*Chief Financial Officer*

**Gautam Ganguli**
*Company Secretary*

**Manjushree Khaitan**
*Executive Vice-Chairperson*

**Kasi Prasad Khandelwal**
**Sudip Banerjee**
*Directors*

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

₹ / crore

| | | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|---|---|---|---|
| **A.** | **Cash Flow From Operating Activities** | | |
| | Net Profit/(Loss) before tax | (366.68) | (480.30) |
| | Adjustments for: | | |
| | Depreciation and amortisation | 276.90 | 318.10 |
| | Debt/advance/deposits written off | 0.74 | – |
| | Provision for bad and doubtful debts | 58.96 | 21.28 |
| | Provision for doubtful advances | 12.28 | 6.15 |
| | Finance costs | 680.58 | 572.83 |
| | Unrealised loss/(gain) on derivative contracts | 2.81 | (1.41) |
| | Unrealised loss/(gain) on foreign currency fluctuation | 5.58 | 0.23 |
| | (Profit) on assets transferred to Subsidiary | (409.20) | – |
| | (Profit)/Loss on sale of fixed assets (net) | 3.65 | (4.02) |
| | Liabilities no longer required written back | (9.66) | (10.67) |
| | Interest income | (6.91) | (27.26) |
| | Dividend income from long term investment (other than trade) | (4.38) | (5.77) |
| | **Operating profit before working capital changes** | **244.67** | **389.16** |
| | **Changes in Working Capital:** | | |
| | Increase / (decrease) in trade and other payables | 10.95 | 63.76 |
| | (Increase) / decrease in trade and other receivables | 90.16 | (54.85) |
| | (Increase) / decrease in inventories | 160.07 | 18.62 |
| | **Cash Generated from Operations** | **505.85** | **416.69** |
| | Taxes paid (net of refunds) | 13.61 | 11.79 |
| | **Net cash generated from operating activities** | **519.46** | **428.48** |
| **B.** | **Cash flow from Investing Activities:** | | |
| | Purchase of fixed assets | (54.70) | (113.77) |
| | Sale of fixed assets | 1.43 | 6.99 |
| | Acquisition by investment in subsidiary | (0.05) | – |
| | Loans repaid | – | 0.50 |
| | Interest received | 6.61 | 25.34 |
| | Income from long term investments (other than trade) | 4.38 | 5.77 |
| | **Net cash used in investing activities** | **(42.33)** | **(75.17)** |

## CASH FLOW STATEMENT *(contd.)*

₹ / crore

| | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|---|---|---|
| **C. Cash flow from Financing Activities** | | |
| Dividends paid | (0.31) | (4.70) |
| Dividend distribution tax paid | – | (0.78) |
| Finance cost paid | (678.49) | (576.10) |
| Proceeds from Issue of Shares | – | 406.24 |
| Proceeds from | | |
| - Long term borrowings | 1,843.24 | 1,012.41 |
| - Short term borrowings | 2,276.50 | 787.84 |
| Repayment of | | |
| - Long term borrowings | (1,214.37) | (1,059.92) |
| - Short term borrowings | (2,076.63) | (1,038.56) |
| Increase/(decrease) in cash credit and overdrafts from banks | (564.00) | 113.81 |
| **Net cash used in financing activities** | **(414.06)** | **(359.76)** |
| Net increase in cash and cash equivalents | **63.07** | **(6.45)** |
| Cash and cash equivalents at the beginning of the year | 77.21 | 83.66 |
| Cash and cash equivalents at the end of the year | 140.28 | 77.21 |

**Notes:**

1. The above cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 on Cash Flow Statements.
2. Transfer of undertaking to subsidiary (refer note 25) has not been considered in the above Cash Flow Statement being non cash transaction.

| | 31st March, 2015 | 31st March, 2014 |
|---|---|---|
| 3. **Cash and Cash Equivalents comprise :** | | |
| Cash on hand | 0.11 | 0.16 |
| Cheques on hand | 30.44 | 37.35 |
| Balances with banks on current account | 57.21 | 37.68 |
| Balances with banks on Cash Credit Accounts | 22.48 | - |
| Others | | |
| In post office saving bank account | 0.00* | 0.00* |
| **Other Bank Balances:** | | |
| Balances with banks | | |
| On deposit accounts | 28.66 | 0.34 |
| On unpaid dividend accounts | 1.37 | 1.68 |
| | **140.27** | **77.21** |

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

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

**For Price Waterhouse**
Firm Registration Number 301112E
Chartered Accountants

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

Place: Kolkata
Date : 19th October, 2015

**Kamal Chand Jain**
*Whole-time Director*

**Arvind Kumar Singh**
*CEO - Business Operations*

**Tridib Kumar Das**
*Chief Financial Officer*

**Gautam Ganguli**
*Company Secretary*

**Manjushree Khaitan**
*Executive Vice-Chairperson*

**Kasi Prasad Khandelwal**
**Sudip Banerjee**
*Directors*

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

## 1. General Information

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

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply.

Consequentially, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

### 2.2 Tangible Fixed Assets and Depreciation

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

(b) Land, Buildings and certain plant and machineries of Rayon and Transparent Paper Unit as at 31st March, 1982 and of Cement (at Basantnagar) and Spun Pipes & Foundries Units as at 31st March, 1983 are stated at valuation made by the professional valuers in 1982-83 at the then current value.

(c) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.

(d) Capital work in progress is stated at cost [including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 2.8 below], incurred during construction/ installation/ pre-operative period relating to items or projects in progress.

(e) Losses arising from the retirement of and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

(f) Depreciation is provided on pro-rata basis using straight line method over the estimated useful lives of assets. The estimates of useful lives have undergone a change with effect from April 1, 2014, based on technical evaluation and are same as the lives prescribed under Schedule II to the Companies Act, 2013.

(g) Leasehold land is amortised over the lease period.

**2.3 Intangible Fixed Assets and Amortisation**

Intangible fixed assets are capitalised where it is expected to provide future enduring economic benefits and amortised on a straight line basis over a period of three years from the date of capitalisation. Capitalisation costs include license fees and the cost of implementation/ system integration services. The Costs are capitalised in the year in which the relevant intangible asset is implemented for use.

**2.4 Borrowing Costs**

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

**2.5 Impairment**

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

**2.6 Investments**

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

**2.7 Inventories**

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

**2.8 Foreign Currency Translation /Transaction**

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 Statement of Profit and Loss in the period in which they arise. Exchange differences arising on reporting of long term foreign currency monetary items (i) relating to acquisition of depreciable capital assets is adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long term monetary asset/liability). Differences between the forward exchange rates and the exchange rates at the date of transactions are accounted for as income/expense over the life of the contracts.

**2.9 Derivative Contracts**

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

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

**2.10 Revenue Recognition**

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

***Sales of goods***

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

**2.11 Other Income**

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

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

**2.12 Employee Benefits**

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

Contributions towards superannuation fund, at rates specified in related approved scheme covering eligible employees, are recognised as expenses on accrual basis and funded.

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

In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The interest rates payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for.

In view of the company's obligation to meet the shortfall, this is a defined benefit plan. The Company's liability is actuarily determined (in accordance with the Guidance Note 29 issued by The Institute of Actuaries of India) at the end of the year and any gain/loss is recognised in the Statement of Profit and Loss. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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

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

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

**Employees' State Insurance**

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

**2.13 Taxes on Income**

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

Deferred taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred taxes is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

As at the Balance Sheet date, unless there is an evidence to the contrary, deferred tax assets pertaining to business loss are only recognised to the extent that there are deferred tax liabilities offsetting them.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is a convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**2.14 Research and Development Expenditure**

Revenue Expenditure on Research and Development is charged to the Statement of Profit and Loss in the year in which it is incurred.

**2.15 Government Grants**

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

**2.16 Lease**

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

**2.17 Cash and Cash Equivalents**

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

**2.18 Earnings Per Share**

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

**2.19 Provision and Contingent Liabilities**

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

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**2.20 Segment reporting**

***Identification of segments***

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

***Inter-segment transfers***

The company accounts for intersegment sales and transfers at cost.

***Unallocated items***

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

***Segment accounting policies***

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

**2.21 Use of estimates**

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

## 3. SHARE CAPITAL

₹ / crore

| | 31st March, 2015 | 31st March, 2014 |
|---|---|---|
| **AUTHORISED** | | |
| 1,50,00,000 Preference Shares of ₹ 100 each | 150.00 | 150.00 |
| 55,00,00,000 Equity Shares of ₹ 10 each | 550.00 | 550.00 |
| | **700.00** | **700.00** |
| **ISSUED, SUBSCRIBED AND PAID-UP** | | |
| 10,97,68,650 Equity Shares of ₹ 10 each fully paid up | 109.77 | 109.77 |
| | **109.77** | **109.77** |

*(a)* Reconciliation of the number of shares outstanding as at 31st March, 2015 and 31st March, 2014 is set out below:

| Particulars | 31st March, 2015 | 31st March, 2014 |
|---|---|---|
| Number of shares outstanding at the beginning of the year | 109,768,650 | 45,741,080 |
| Add: Shares issued during the year | – | 64,027,570 |
| **Number of shares outstanding at the end of the year** | **109,768,650** | **109,768,650** |

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

The company has only one class of equity shares having a par value of Rs 10 per share. All equity shareholders are entitled to one vote per share.

The company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting except in the case of Interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion to their shareholdings.

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

| Sl. No. | Name of the shareholders | 31st March, 2015 | | 31st March, 2014 | |
|---|---|---|---|---|---|
| | | No. of shares | % age | No. of shares | % age |
| 1 | Pilani Investments and Industries Corporation Limited | 27,338,750 | 24.91 | 27,338,750 | 24.91 |
| 2 | Manav Investment & Trading Co. Ltd | 9,552,525 | 8.70 | 9,887,525 | 9.01 |
| 3 | Jhunjhunwala Rekha Rakesh | – | – | 7,500,000 | 6.83 |
| | | **36,891,275** | **33.61** | **44,726,275** | **40.75** |

## 4. RESERVES AND SURPLUS

₹ / crore

| | 31st March, 2015 | 31st March, 2014 |
|---|---|---|
| **Capital Reserve** | | |
| (a) Development Grant/ Subsidy | 0.40 | 0.40 |
| (b) Amalgamation Reserve | 2.91 | 2.91 |
| | 3.31 | 3.31 |
| **Capital Redemption Reserve** | 3.59 | 3.59 |
| **Securities Premium** | | |
| Balance at the beginning of the year | 342.22 | – |
| Add: Received during the year on Shares issued under Rights basis | – | 352.16 |
| Less: Expenses related to Rights Issue (includes payment to auditors ₹ 1.00 Crs) | – | (9.94) |
| | 342.22 | 342.22 |
| Forfeiture of shares | 0.00 * | 0.00 * |
| **Revaluation Reserve** | | |
| Balance at the beginning of the year | 2.38 | 2.51 |
| Less: Adjustment relating to depreciation and withdrawal on/of revalued fixed assets** | – | 0.13 |
| | 2.38 | 2.38 |
| **General Reserve** | 224.00 | 224.00 |
| Other Reserves: | | |
| (a) Doubtful Debts & Contingencies | 0.20 | 0.20 |
| (b) Share Buy Back Reserve | 7.01 | 7.01 |
| | 7.21 | 7.21 |
| Foreign Currency monetary item translation difference account | (16.78) | – |
| **Surplus/(Deficit)** | | |
| Balance at the beginning of the year | (221.67) | 293.88 |
| Add:- Profit/(Loss) for the period | (366.68) | (515.55) |
| Amount available for appropriation | (588.35) | (221.67) |
| | **(22.42)** | **361.04** |
| ** Additional depreciation charge on revalued fixed assets transferred from Statement of Profit and Loss. | **–** | **0.13** |

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

## 5. LONG TERM BORROWINGS

₹ / crore

| | Non current portion | | Current maturities | |
|---|---|---|---|---|
| | 31st March, 2015 | 31st March, 2014 | 31st March, 2015 | 31st March, 2014 |
| **Secured:** | | | | |
| Debentures | | | | |
| 2000 (March 31, 2014: Nil) Redeemable Non-Convertible Debentures [Refer Note (a) below] | # 200.00 | – | – | – |
| Term Loans: | | | | |
| **From Bank** | | | | |
| Indian rupee loan | # 1,622.26 | 1,568.74 | 604.55 | 646.69 |
| Foreign currency loan | # 429.85 | – | 9.48 | 171.69 |
| **From others** | | | | |
| Indian rupee loan | # 841.55 | 669.02 | 77.49 | 40.89 |
| Finance lease obligation | 0.67 | 5.10 | 4.32 | 4.97 |
| **Unsecured:** | | | | |
| Deposits from selling agents and others | 270.29 | 306.89 | – | – |
| | **3,364.62** | **2,549.75** | **695.84** | **864.24** |
| **The above amount includes:** | | | | |
| Secured borrowings | 3,094.33 | 2,242.86 | 695.84 | 864.24 |
| Unsecured borrowings | 270.29 | 306.89 | – | – |
| Amount disclosed under the head "other current liabilities" (refer Note 9) | – | – | (695.84) | (864.24) |
| | **3,364.62** | **2,549.75** | – | – |

The finance lease obligation is in respect of SAP software and Audi A6 car which are secured against the said assets. The above mentioned facilities are to be repaid in equal instalments over the period of the respective loans.

# *The Assets transferred to subsidiary (refer note 25) are hypothecated/mortgaged against the above mentioned loans.*

**(a) Debentures**

(i) The Company has issued 2000 secured redeemable non-convertible debentures allotted on August 20, 2015 aggregating to ₹ 200 Crore which carry interest rate of 10.50% p.a. payable quarterly and are redeemable at the end of 5 years from the date of allotment.

(ii) These Debentures are secured by way of first pari-passu charge on all movable and immovable fixed assets (both present and future) and second pari-passu charge on all current assets of various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company subject to prior subsisting charge in respect of Vasavadatta Cement and Birla tyre (Uttarakhand) unit also pari-passu charge shared with Term Loan facility of ₹ 400 crore from Axis Bank Limited on all immovable fixed assets of Spun Pipes and Foundries and Hindustan Heavy Chemical units of the Company.

**(b) Repayment terms and nature of securities given for Indian rupee term loans from banks are as follows:**

₹ / crore

| Bank | 31-Mar-15 | 31-Mar-14 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| Axis Bank Ltd. | 200.00 | – | First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of various units (excluding Spun Pipes and Foundries and Hindustan Heavy Chemicals units) of the company, subject to prior subsisting charge in respect of Vasavadatta Cement.<br><br>First Pari Passu charge shared with 10.50% Non convertible debenture holders on all immovable fixed assets (both present and future) of Spun Pipes and Foundries and Hindusthan Heavy Chemical units of the Company. | Repayment in quarterly instalments after a 27 month moratorium period from the date of first disbursement in the following manner:(a) First 10 instalments of ₹ 33 crore each; (b) Next 2 instalments of ₹ 35 crore each. Interest Payable monthly @ Base rate plus 1% p.a. |
| Axis Bank Ltd. | 200.00 | – | First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of various units (excluding Spun Pipes and Foundries and Hindustan Heavy Chemicals units) of the company, subject to prior subsisting charge in respect of Vasavadatta Cement.<br><br>First Pari Passu charge shared with 10.50% Non convertible debenture holders on all immovable fixed assets (both present and future) of Spun Pipes and Foundries and Hindusthan Heavy Chemical units of the Company. | Repayment in quarterly instalments after a 27 month moratorium period from the date of first disbursement in the following manner:(a) First 10 instalments of ₹ 33 crore each; (b) Next 2 instalments of ₹ 35 crore each. Interest Payable monthly @ Base rate plus 1% p.a. |
| Bank of Baroda | 60.00 | 120.00 | First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement unit. | Repayable in four specified annual instalments commencing from March 2013. Interest is payable monthly @ base rate plus 1.25% p.a. |
| Bank of Baroda | 100.00 | 100.00 | First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement unit. | Repayable by four equal annual instalment commencing from 24 months after first disbursement. Interest is payable monthly @ base rate + 1.75% + term premium of 0.15% |
| | 560.00 | 220.00 | Carried Over | |

₹ / crore

| Bank | 31-Mar-15 | 31-Mar-14 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| | 560.00 | 220.00 | Brought forward | |
| Bank of India | 6.21 | – | First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of the various units (excluding Spun Pipes and Foundries and Hindusthan Heavy Chemical units) of the Company. | Repayable in 20 equal quarterly instalments of Rs 5 crore each commencing after the completion of 24 months from the start of commercial operations. Interest payable monthly @ base rate plus 2.50% p.a. |
| ICICI Bank Ltd. | 210.00 | 270.00 | First pari passu charge on all movable and immovable fixed assets (both present and future) of various units (excluding Spun Pipes & Foundries and Hindustan heavy Chemicals unit) of the Company, subject to charge on fixed asset of Vasavadatta Cement unit. | Repayable in 20 equal quarterly instalments commencing from the 27th month from the date of disbursement. Interest is payable monthly @ base rate plus 2.7% p.a. with annual reset. |
| IndusInd Bank Ltd | – | 210.00 | First pari passu charge on all movable and immovable fixed assets (both present & future) of various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement Unit. | 16 equal quarterly instalments after a moratorium period of 24 months. Interest payable @ Base Rate + 75 Basis Points. |
| IndusInd Bank Ltd | 115.20 | – | First Charge on certain immovable fixed assets (non-agricultural land) located at Solapur, Maharashtra, (yet to be created) and 42, Garden Reach Road, Kolkata owned by Kesoram Textile Mills Limited and subservient charge on current assets and movable fixed assets of the Company and Pledge of certain non-current investments (refer note 12). | Repayment at the end of 2 years from the date of first disbursement. Interest payable monthly @ Base rate |
| IndusInd Bank Ltd | 200.00 | – | First Charge on certain immovable fixed assets (non-agricultural land) located at Solapur, Maharashtra, (yet to be created) and 42, Garden Reach Road, Kolkata owned by Kesoram Textile Mills Limited and subservient charge on current assets and movable fixed assets of the Company and Pledge of certain non-current investments (refer note 12). | Repayment in 12 equal quarterly instalments after moratorium of 24 months. Interest payable monthly @ Base rate plus 0.25% p.a. |
| Punjab National Bank | 105.00 | 153.75 | First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement unit. | Repayable in twenty quarterly instalments starting from June 2012 distributed as first sixteen instalments of ₹ 16.25 Crore each and balance four instalments of ₹ 10 Crore each. Interest is payable monthly @ base rate plus 1.5% p.a. plus term premium. |
| | 1,196.41 | 853.75 | Carried Over | |

₹ / crore

| Bank | 31-Mar-15 | 31-Mar-14 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| | 1,196.41 | 853.75 | Brought forward | |
| State Bank of India | 200.00 | 400.00 | First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement unit. | Repayable in four annual instalments commencing after twenty four months from the date of first disbursement of the loan(First two instalments of ₹ 100 Crore each and balance two instalments of ₹ 200 Crore each). Interest is payable monthly @ base rate plus 2% p.a. with annual reset. |
| State Bank of India | 291.65 | 458.33 | First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement unit. | Repayable in 12 quarterly instalments commencing from the quarter ending February, 2014 distributed as 11 instalments of ₹ 41.67 Crore each and the last instalment of ₹ 41.63 Crore in November, 2016. Interest is payable monthly @ base rate plus 2% p.a. |
| Syndicate Bank | 50.00 | 50.00 | First pari passu charge on all movable and immovable fixed assets (both present & future) of various units (excluding Spun Pipes & Foundries, Hindustan Heavy chemicals units and Corporate Office) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement & Birla Tyres (Uttarakhand). | Repayment in last 3 years in 12 quarterly instalments as mentioned below: 11 equal quarterly instalments of ₹ 16.67 Crore beginning Q3 FY 15-16. Last instalment of ₹ 16.63 Crore. |
| The Karur Vysya Bank Ltd. | 100.00 | 91.60 | First pari passu charge on all movable and immovable fixed assets (both present & future) of various units (excluding Spun Pipes & Foundries, Hindustan Heavy Chemicals units and Corporate office) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement Unit. | To be repaid in 28 Quarterly instalment after a moratorium period of one year. Interest is payable monthly @ base rate + 1.5%. |
| The South Indian Bank Ltd. | – | 112.50 | First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement unit. | Repayable in 3 quarterly instalments of ₹ 37.50 Crore each commencing from the end of 24 months and last instalment of ₹37.50 Crore to be remitted before expiry of 35 months from the date of availment. Interest is payable @ base rate plus 1.5% p.a. with annual reset. |
| The South Indian Bank Ltd. | 98.50 | 100.00 | First pari passu charge on all movable and immovable fixed assets (both present and future) of various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement Unit. | Repayment commencing after a moratorium of 12 months in 6 quarterly instalments of Rs 1.5 Crore each, next 4 quarterly instalments of ₹ 3 Crore each, next 17 quarterly instalments of ₹ 4.39 Crore each and last instalment of ₹ 4.37 Crore thereafter. Interest is payable @ base rate plus 2.50% p.a. with annual reset. |
| | 1,936.56 | 2,066.18 | Carried Over | |

₹ / crore

| Bank | 31-Mar-15 | 31-Mar-14 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| | 1,936.56 | 2,066.18 | Brought forward | |
| The South Indian Bank Ltd. | 46.25 | 49.25 | First pari passu charge on all movable and immovable fixed assets (both present and future) of various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement Unit. | Repayment commencing after a moratorium of 12 month in 6 quarterly instalments of ₹ 0.75 Crore each, next 4 quarterly instalments of ₹ 1.5 Crore each , next 17 quarterly instalments of ₹ 2.20 Crore each and last instalment of ₹ 2.19 Crore thereafter. Interest is payable @ base rate plus 3% p.a. with annual reset. |
| The South Indian Bank Ltd. | 94.00 | 100.00 | First pari passu charge on all movable and immovable fixed assets (both present and future) of various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement Unit. | Repayment to be made in 28 quarterly instalments after the initial holiday period of 12 months. (First 6 quarters ₹ 1.5 Crore each, next 4 quarters ₹ 3 Crore each, next 17 quarters ₹ 4.39 Crore each, last quarter ₹ 4.37 Crore). Interest payable monthly @ base rate + 2%. |
| The South Indian Bank Ltd. | 150.00 | – | First pari passu charge on all movable and immovable fixed assets (both present and future) of the various units (excluding Spun Pipes and Foundries and Hindusthan Heavy Chemical units) of the Company. | Repayment in 20 equal quarterly instalments of Rs 7.50 crore each after moratorium of 24 months from date of first disbursement. Interest payable monthly @ Base Rate plus 2.50% p.a. |
| | **2,226.81** | **2,215.43** | | |

**(c) Repayment terms and nature of securities given for foreign currency term loans from banks are as follows:**

₹ / crore

| Bank | 31-Mar-15 | 31-Mar-14 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| DBS Bank Ltd. | – | 43.40 | First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of the various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement unit. | Repayable on different maturity dates which varies from 1038 days to 1061 days with interest rate which varies from libor plus 100 - 200 bps. |
| ICICI Bank Ltd. | – | 128.29 | First pari passu charge on both present and future movable fixed assets of Cement expansion project at Vasavadatta Cement Unit by way of hypothecation and first pari passu charge of mortgage over both present and future immovable fixed assets of Vasavadatta Cement Unit of the Company. | Repayable in ten unequal half yearly instalments commencing from end of 30 months from and including average utilisation date along with interest at 6 months @ Libor plus 1.25% p.a. |
| | – | 171.69 | Carried Over | |

₹ / crore

| Bank | 31-Mar-15 | 31-Mar-14 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| | – | 171.69 | Brought forward | |
| IndusInd Bank Ltd | 220.45 | – | First Charge on Certain Immovable fixed assets (non-agricultural land) located at Solapur, Maharashtra, (yet to be created) first pari passu charge on immovable fixed assets (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company and pledge of certain non-current investments (refer note 12). | 16 equal quarterly instalments after a moratorium period of 24 months. Interest payable @ Base Rate + 75 Basis Points. |
| IndusInd Bank Ltd | 209.40 | – | First Charge on certain immovable fixed assets (non-agricultural land) located at Solapur, Maharashtra, (yet to be created) and 42, Garden Reach Road, Kolkata owned by Kesoram Textile Mills Limited and subservient charge on current assets and movable fixed assets of the Company and Pledge of certain non-current investments (refer note 12). | Repayment in 12 equal quarterly instalments after moratorium of 24 months. Interest payable monthly for first three years @ 13.71% p.a. For remaining period @ Base rate plus 2.75% p.a. |
| State bank of India | 9.48 | – | Secured against hypothecation of current assets and second charge on movable and immovable fixed assets, both present and future unit of the Company (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) subject to prior subsisting charge on movable and immovable fixed asset pertaining to Vasavadatta cement. | Repayable on different maturity dates upto 360 days with interest rate which varies from libor plus 60-65 bps. |
| | **439.33** | **171.69** | | |

**(d) Repayment terms and nature of securities given for Indian rupee term loans from others are as follows:**

₹ / crore

| Financial Institution | 31-Mar-15 | 31-Mar-14 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| HDFC Ltd | 300.00 | 300.00 | First pari passu charge on all movable and immovable fixed assets (both present & future) of various units (excluding Spun Pipes & Foundries and Hindustan Heavy chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement Unit. | Principal repayment shall have a moratorium of 8 calendar quarters from the date of first disbursement and thereafter repayment in 12 equal calendar quarters starting from the first calendar quarter after the end of the moratorium period. Interest payable at the end of calendar quarters @ HDFC CPLR - 5.25 %. |
| IFCI Ltd | 139.29 | 150.00 | First pari passu charge on all movable and immovable fixed assets (both present & future) of various units (excluding Spun Pipes & Foundries and Hindustan Heavy chemicals units) of the Company, subject to prior subsisting charge on movable and immovable fixed assets pertaining to Vasavadatta Cement Unit. | The loan shall be repaid in 28 structured quarterly instalments commencing from the fifteenth month from the date of first disbursement. Interest is payable monthly @ SBI base rate + 280 basis points. |
| | 439.29 | 450.00 | Carried Over | |

₹ / crore

| Financial Institution | 31-Mar-15 | 31-Mar-14 | Nature of Security | Repayment Terms |
|---|---|---|---|---|
| | 439.29 | 450.00 | Brought forward | |
| IFCI Ltd | 150.00 | – | First pari passu charge on all moveable and immoveable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of various units (excluding Spun Pipes and Foundries and Hindustan Heavy Chemicals units) of the company, subject to prior subsisting charge in respect of Vasavadatta Cement. | Repayment in 19 equal quarterly instalments from 18th month from the date of first disbursement. Interest payable monthly @ benchmark rate plus 1.80% p.a. |
| L&T Infrastructure Finance Company Ltd | 204.75 | 218.25 | First pari passu charge on all movable and immovable fixed assets (both present and future) of various units (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) of the Company. | Repayable in 28 quarterly instalments with 6 quarters of Rs 3.75 Crore, 4 quarters of Rs 7.5 Crore and 18 quarters of Rs 10.97 Crore each. Interest is payable monthly @ L&T Infra plrs minus/plus spread |
| Tata Capital Financial Services Limited | 25.00 | 41.66 | First pari passu charge on all movable and immovable fixed assets (both present & future) and Second pari passu charge on all the current assets (both present & future) of various units (excluding Spun Pipes and Foundries and Hindusthan Heavy Chemical units) of the Company. | Repayable in 12 equal quarterly instalments commencing from the end of 12 month from the date of first disbursement. Interest is payable monthly @long term lending rate minus 4.50% |
| West Bengal Infrastructure Development Finance Corporation Ltd. | 100.00 | – | First pari passu charge on all movable and immovable fixed assets (both present and future) and second charge on all current assets (both present and future) of the various units (excluding Spun Pipes and Foundries and Hindusthan Heavy Chemical units) of the Company and second charge on Current Assets ranking Pari Passu with the existing and future charge of other term lenders. | Repayment over a period of 8 years (including 4 quarters of moratorium from the date of first disbursement) structured over 32 quarters. Interest payable monthly @ base rate of State Bank of India plus 2.80% p.a. |
| | **919.04** | **709.91** | | |

## 6. DEFERRED TAX LIABILITIES (NET)

₹ / crore

| | | 31st March, 2015 | 31st March, 2014 |
|---|---|---|---|
| **Deferred Tax Liabilities** | | | |
| Difference between written down value of block of assets as per Income Tax Laws and book written down value of the fixed assets | | 271.10 | 451.15 |
| | A | 271.10 | 451.15 |
| **Deferred Tax Assets** | | | |
| Business losses | | 221.11 | 415.76 |
| Items allowable for tax purpose on payment | | 10.52 | 14.53 |
| Provision for contingencies | | 10.38 | 12.29 |
| Others | | 29.09 | 8.57 |
| | B | 271.10 | 451.15 |
| | C (A-B) | – | – |

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

## 7. SHORT TERM BORROWINGS

₹ / crore

| | 31st March, 2015 | 31st March, 2014 |
|---|---|---|
| **Secured:** | | |
| Term Loan | | |
| From Bank | | |
| Packing Credit Loan | 10.00 # | 27.00 * |
| From other | | |
| Indian rupee loan | – | 120.00 * |
| Working Capital Loan | | |
| From Bank | | |
| Overdraft / Cash Credit | 341.77 # | 905.77 |
| Working capital demand loan | 486.90 # | 247.00 |
| Packing credit loan | 69.84 # | 119.21 |
| **Unsecured:** | | |
| Term Loan | | |
| From Bank | | |
| Indian rupee loan | 35.00 | 35.00 |
| Foreign currency loan | 172.47 | 11.82 |
| Deposits | | |
| Deposit from public | – | 5.11 |
| Deposit from others | 15.95 | 23.20 |
| | **1,131.93** | **1,494.11** |
| **The above amount includes:** | | |
| Secured borrowings | 908.51 | 1,418.98 |
| Unsecured borrowings | 223.42 | 75.13 |
| | **1,131.93** | **1,494.11** |

* Secured against pledge of certain Non Current Investments (Refer Note 12)

# (a) Secured by way of hypothecation of current assets and second charge on movable and immovable fixed assets, both present and future unit of the Company (excluding Spun Pipes & Foundries and Hindustan Heavy Chemicals units) subject to prior subsisting charge on movable and immovable fixed asset pertaining to Vasavadatta cement.

# (b) The Assets transferred to subsidiary (refer note 25) are hypothecated/mortgaged against the above mentioned loans.

The cash credit and working capital demand loans are repayable on demand.

## 8. TRADE PAYABLES

₹ / crore

| | 31st March, 2015 | 31st March, 2014 |
|---|---|---|
| Trade payables (Refer Note 37) | 508.05 | 585.39 |
| Acceptances | 55.05 | –- |
| | **563.10** | **585.39** |

## 9. OTHER CURRENT LIABILITIES

₹ / crore unless otherwise stated

| | 31st March, 2015 | 31st March, 2014 |
|---|---|---|
| Current maturities of long-term debt (Refer note 5) | 691.52 | 859.27 |
| Current maturities of long-term Finance lease (Refer note 5) | 4.32 | 4.97 |
| Interest accrued but not due on borrowings | 3.17 | 3.42 |
| Interest accrued and due on borrowings | 20.53 | 23.54 |
| Interest accrued and due on deposits and others | 3.94 | 0.04 |
| Interest accrued and not due on deposits and others | 1.45 | - |
| Unpaid dividends | 1.37 | 1.68 |
| Unpaid matured deposits and interest accrued thereon | 0.06 | 0.12 |
| Other payables | | |
| Advance from customers | 25.97 | 18.11 |
| Statutory dues | 95.47 | 79.95 |
| Liability for purchases of capital assets | 6.16 | 13.75 |
| Retention & Earnest deposits | 13.71 | 12.01 |
| Employee's benefits payable | 15.29 | 20.04 |
| Marked to market loss on derivative contracts | 2.81 | 1.15 |
| Forward Contracts payable (net) | 4.98 | - |
| Other Payables | 21.39 | 21.03 |
| | **912.14** | **1,059.08** |

(a) There are no amount due and outstanding to be credited to Investor Education and Protection Fund as at Balance Sheet Date other than unclaimed dividend of ₹ 1,34,437 (31st March, 2014: ₹ 1,08,629) pertaining to cases under litigation regarding beneficial ownership of shares.

## 10. SHORT TERM PROVISIONS

₹ / crore

| | 31st March, 2015 | 31st March, 2014 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for gratuity {Refer Note 22 (a)} | 0.43 | 7.05 |
| Provision for leave encashment (unfunded) | 24.03 | 25.27 |
| **Other Provisions** | | |
| Provision for Income Tax (Net of Advance Tax ₹ 330.79 Crs.) | 3.64 | - |
| Provision for disputed statutory dues | 11.24 | 10.84 |
| Provision for Contingencies | 30.00 | 30.00 |
| Provision for Fringe benefit tax | 0.08 | 0.08 |
| | **69.42** | **73.24** |

## 11. FIXED ASSETS

₹ / crore

| Particulars | GROSS BLOCK | | | | | | DEPRECIATION AND AMORTIZATION | | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31st March, 2014 | Additions during the year | Deletions during the year | Transfer to Subsidiary (Refer Note 25) | Adjustments during the year | As at 31st March, 2015 | As at 31st March, 2014 | For the year | Transition Adjustment recorded against surplus balance in Statement of Profit and Loss | On Deletions during the year | Transfer to Subsidiary (Refer Note 25) | As at 31st March, 2015 | As at 31st March, 2015 | As at 31st March, 2014 |
| **I. Tangible Assets:** | | | | | | | | | | | | | | |
| Land : | | | | | | | | | | | | | | |
| - Freehold | 185.32 | - | - | 116.16 | - | 69.16 | - | - | - | - | - | - | 69.16 | 185.32 |
| - Leasehold | 0.80 | - | - | - | - | 0.80 | 0.59 | 0.00 * | - | - | - | 0.59 | 0.21 | 0.21 |
| Buildings | 663.61 | 5.85 | 0.06 | 489.85 | - | 179.55 | 120.39 | 26.39 | 1.59 | 0.06 | 85.30 | 63.01 | 116.54 | 543.22 |
| Plant and Equipments | 4,493.12 | 62.12 | 21.31 | 1,668.18 | (1.47) | 2,864.28 | 2,066.48 | 223.68 | 5.87 | 17.72 | 722.22 | 1,556.09 | 1,308.19 | 2,426.64 |
| Furniture and Fixtures | 32.44 | 2.29 | 1.87 | 9.89 | - | 22.97 | 14.67 | 2.45 | 0.25 | 1.44 | 4.46 | 11.47 | 11.50 | 17.77 |
| Office Equipment | 31.10 | 2.01 | 2.11 | 7.98 | - | 23.02 | 18.88 | 3.65 | 2.91 | 1.51 | 7.49 | 16.44 | 6.58 | 12.22 |
| Vehicles | 19.03 | 1.77 | 0.82 | 0.97 | - | 19.01 | 4.94 | 2.68 | 0.01 | 0.39 | 0.46 | 6.78 | 12.23 | 14.09 |
| Others: | | | | | | | | | | | | | | |
| - Livestock | 0.11 | - | 0.00 * | - | - | 0.11 | - | - | - | - | - | - | 0.11 | 0.11 |
| - Railway Siding | 25.71 | 1.31 | - | - | - | 27.02 | 9.00 | 1.48 | 0.44 | - | - | 10.92 | 16.10 | 16.71 |
| *Assets taken on Finance Lease* | | | | | | | | | | | | | | |
| - Vehicle | 0.35 | - | - | - | - | 0.35 | 0.02 | - | - | - | - | 0.02 | 0.33 | 0.33 |
| **Sub Total (A)** | **5,451.59** | **75.35** | **26.17** | **2,293.03** | **(1.47)** | **3,206.27** | **2,234.97** | **260.33** | **11.07** | **21.12** | **819.93** | **1,665.32** | **1,540.95** | **3,216.62** |
| **II. Intangible Assets:** | | | | | | | | | | | | | | |
| Computer Software | 20.02 | 1.02 | 0.10 | 1.64 | - | 19.30 | 9.52 | 5.50 | - | 0.07 | 1.36 | 13.59 | 5.71 | 10.49 |
| Technical Knowhow | 7.65 | - | (3.04) | - | - | 10.69 | 7.65 | - | - | (3.04) | - | 10.69 | - | - |
| **Sub Total (B)** | **27.67** | **1.02** | **(2.94)** | **1.64** | **-** | **29.99** | **17.17** | **5.50** | **-** | **(2.97)** | **1.36** | **24.28** | **5.71** | **10.49** |
| **Total (A+B)** | **5,479.26** | **76.37** | **23.23** | **2,294.67** | **(1.47)** | **3,236.26** | **2,252.15** | **265.83** | **11.07** | **18.15** | **821.29** | **1,689.60** | **1,546.66** | **3,227.11** |
| Previous Year | 5,387.42 | 95.81 | 9.70 | - | 5.73 | 5,479.26 | 1,940.65 | 318.23 | - | 6.73 | - | 2,252.15 | 3,227.11 | - |

**(a)** The Company has charged depreciation in keeping with the requirements of Schedule II to the Companies Act, 2013 and as a result the estimated useful lives of certain fixed assets have been revised with effect from April 1, 2014. Consequently, depreciation expense for the year is lower by ₹ 53.15 crore with corresponding impact on loss for the year. Additionally, pursuant to the transitional provision set out in the said Schedule II, the carrying amount of fixed assets (after retaining the residual values) aggregating ₹ 11.07 crore, which have no remaining useful life as on April 1, 2014, has been charged to the Statement of Profit and Loss with corresponding impact on loss for the year.

₹ / crore

| | 31.03.2015 | 31.03.2014 |
|---|---|---|
| **(b) Net exchange loss/(gain) being adjustment relating to foreign currency fluctuation** | | |
| (i) Net loss/(gain) being adjustment relating to foreign currency fluctuation-FA Capitalised | (1.47) | 5.73 |
| (ii) Net loss/(gain) being adjustment relating to foreign currency fluctuation-FA CWIP | 0.87 | 19.74 |
| **(c) Including :** | | |
| (i) Jointly owned:- | | |
| - Building | 0.01 | 0.01 |
| - Furniture and Fixtures and Office Equipments | 1.97 | 1.36 |
| - Plant and Equipment | 0.23 | 0.23 |
| (ii) Cost of assets lying with third parties | | - |
| (iii) Freehold land includes land given on operating lease to third party | 0.01 | 0.01 |
| (iv) Gross Book value of revalued fixed assets | | |
| Freehold Land | 2.98 | 2.98 |
| Buildings | 11.39 | 11.39 |
| Plant and Equipments | 63.39 | 63.39 |

**(d)** The title deed of 157 acres of land amounting to ₹ 14.65 crore is yet to be executed in favour of the Company.

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

**12. INVESTMENTS**

**₹ / crore, except as otherwise stated**

| | Number | Face Value of each Share ₹ | 31st March, 2015 | 31st March, 2014 |
|---|---|---|---|---|
| **CURRENT INVESTMENT** | | | | |
| (valued at lower of cost or fair value) | | | | |
| **Trade Investments (Unquoted)** | | | | |
| **Investment in Equity Instruments of Subsidiary** | | | | |
| Cavendish Industries Limited (Fully paid up) | 700046000 | 10 | 700.05 | – |
| | | | 700.05 | – |
| **NON CURRENT INVESTMENT** | | | | |
| (valued at cost less provision for other than temporary diminution) | | | | |
| **A. Long Term Trade (Unquoted)** | | | | |
| **Investment in Equity Instruments of Joint Venture Company (Fully paid up)** | | | | |
| Gondkhari Coal Mining Limited | 22,730 | 10 | 0.02 | 0.02 |
| **B. Long Term - Other than Trade** | | | | |
| **Investment in Equity Instruments (Fully paid up)** | | | | |
| **- Unquoted** | | | | |
| Birla Buildings Ltd. | 30,000 | 10 | 0.03 | 0.03 |
| Coromandel Stampings & Stones Ltd. | 10,000 | 10 | 0.00 * | 0.00 * |
| Kesoram Insurance Broking Services Ltd. | 143,000 | 10 | 0.03 | 0.03 |
| Calcutta Stock Exchange Association Ltd. | 10,455 | 1 | 2.09 | 2.09 |
| Essel Mining & Industries Ltd. | 119 | 10 | 0.24 | 0.24 |
| Meghdoot Co-operative Housing Society Ltd. | 10 | 100 | 0.00 * | 0.00 * |
| Padmavati Investment Ltd. | 7,231 | 10 | 0.55 | 0.55 |
| Vasavadatta Services Ltd. | 18,800 | 10 | 0.02 | 0.02 |
| JPM Merchandise Agencies Ltd | 21,693 | 10 | 0.04 | 0.04 |
| **- Quoted** | | | | |
| Aditya Birla Nuvo Ltd. *(previous year pledged 6,10,829)* ** | 614,162 | 10 | 4.65 | 4.65 |
| Century Enka Ltd. *(previous year pledged 13,40,680)* ** | 1,340,680 | 10 | 12.91 | 12.91 |
| Century Textiles & Industries Ltd. *(previous year pledged 27,46,100)* ** | 2,746,100 | 10 | 16.93 | 16.93 |
| Grasim Industries Ltd. *(previous year pledged 1,42,220)* ** | 142,220 | 10 | 0.57 | 0.57 |
| HGI Industries Ltd. | 496,100 | 10 | 0.00 * | 0.00 * |
| Hindalco Industries Ltd. *(previous year pledged 11,926)* ** | 53,586 | 1 | 0.15 | 0.15 |
| Jay Shree Tea & Industries Ltd. *(previous year pledged 3,88,000)* ** | 388,116 | 5 | 0.01 | 0.01 |
| Kesoram Textile Mills Ltd. | 4,996,986 | 2 | 4.63 | 4.63 |
| Mangalam Cement Ltd. *(previous year pledged 38,19,500)* ** | 3,819,563 | 10 | 20.12 | 20.12 |
| Mangalam Timber Products Ltd. *(previous year pledged nil)* ** | 2,528,462 | 10 | 3.37 | 3.37 |
| Manjushree Plantations Ltd. | 233,423 | 10 | 1.20 | 1.20 |
| Less : Provision for other than temporary diminution | | | 1.20 – | 1.20 – |
| Ultratech Cement Ltd. *(previous year pledged 81,268)* ** | 81,268 | 10 | – | – |
| Vidula Chemicals & Manufacturing Industries Ltd. | 44,750 | 10 | 0.06 | 0.06 |
| Less : Provision for other than temporary diminution | | | 0.06 – | 0.06 – |
| | | | **66.36** | **66.36** |

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

** *Pledged against loan taken during the year from bank/others (refer note 5 & 7)*

| | | | |
|---|---|---|---|
| (a) | Aggregate amount of quoted investments | 64.60 | 64.60 |
| (b) | Aggregate amount of unquoted Investments | 703.07 | 3.02 |
| (c) | Aggregate provision for diminution in value of investments | 1.26 | 1.26 |
| (d) | Aggregate market value of quoted investments *(excluding investments in HGI Industries Ltd., Kesoram Textile Mills Ltd., Manjushree Plantations Ltd. and Vidula Chemicals & Manufacturing Industries Ltd. in absence of any current quotation)* | 478.80 | 298.10 |

## 13. LONG/SHORT TERM LOANS AND ADVANCES

₹ / crore

| | | Non-current | | Current | |
|---|---|---|---|---|---|
| | | 31st March, 2015 | 31st March, 2014 | 31st March, 2015 | 31st March, 2014 |
| ***Unsecured, considered good unless stated otherwise*** | | | | | |
| Capital advances | | 19.52 | 19.06 | – | – |
| Security Deposits | | 32.08 | 44.31 | – | – |
| | **(A)** | **51.60** | **63.37** | – | – |
| *Loans and advances to related parties* | | | | | |
| Considered doubtful | | 6.77 | 6.15 | – | – |
| Less: Provisions for doubtful advances | | **(6.77)** | **(6.15)** | – | – |
| | **(B)** | – | – | – | – |
| **Balance with Subsidiary Company** | **(C)** | – | – | 1,371.45 | – |
| Other loans and advances | | | | | |
| *Advances recoverable in cash or kind* | | | | | |
| Considered Good | | 0.62 | 0.62 | 107.75 | 139.90 |
| Considered doubtful | | – | – | 11.66 | – |
| Less Provision for doubtful advances | | – | – | (11.66) | – |
| Advance Tax [net of provision for taxation (31st March, 2014 : ₹ 334.44 crore)] | | – | – | – | 9.97 |
| Security Deposits | | – | – | 0.24 | 2.08 |
| Prepaid Expenses | | – | – | 6.12 | 5.16 |
| Accruals under duty exemption scheme | | – | – | 2.53 | 0.19 |
| Loan to employees | | 0.01 | 0.12 | 0.07 | 5.99 |
| Loan to other body corporate | | 0.75 | 2.25 | 3.25 | 1.75 |
| Balance with statutory/government authorities | | 32.46 | 23.41 | 41.53 | 52.50 |
| | **(D)** | **33.84** | **26.40** | **161.49** | **217.54** |
| **Total (A+B+C+D)** | | **85.44** | **89.77** | **1,532.94** | **217.54** |

## 14. OTHER NON-CURRENT/ CURRENT ASSETS

₹ / crore

| | Non-current | | Current | |
|---|---|---|---|---|
| | 31st March, 2015 | 31st March, 2014 | 31st March, 2015 | 31st March, 2014 |
| Non current bank balance (Refer Note 17) | 0.48 | 0.32 | – | – |
| Insurance claim | – | – | 4.58 | 5.72 |
| Interest accrued on deposits | – | – | 0.82 | 0.31 |
| Unamortised premium on forward contracts | – | – | 0.78 | – |
| Others | – | – | 1.08 | 19.08 |
| **Total** | **0.48** | **0.32** | **7.26** | **25.11** |

## 15. INVENTORIES

₹ / crore

| | 31st March, 2015 | 31st March, 2014 |
|---|---|---|
| Raw Materials [Includes material in transit ₹ 8.78 crore (31st March, 2014: ₹ 10.15 crore)] | 114.23 | 197.55 |
| Work-in-Progress | 67.91 | 115.57 |
| Finished Goods [Includes goods in transit ₹ 7.19 crore (31st March, 2014: ₹ 6.48 crore)] | 418.31 | 408.29 |
| Stock-in-trade (in respect of goods acquired for trading) | – | 10.24 |
| Stores and Spare Parts [Includes material in transit ₹ 0.72 crore (31st March, 2014: ₹ 8.39 crore)] | 133.61 | 162.48 |
| | **734.06** | **894.13** |

## 16. TRADE RECEIVABLES

₹ / crore

| | | 31st March, 2015 | 31st March, 2014 |
|---|---|---|---|
| Outstanding for a period exceeding six months from the date they are due for payment | | | |
| Secured - Considered good | | 16.78 | 17.48 |
| Unsecured - Considered good | | 128.61 | 94.72 |
| Unsecured - Considered doubtful | | 84.04 | 16.50 |
| | | 229.43 | 128.70 |
| Less: Provision for doubtful debts | | 84.04 | 16.50 |
| | (A) | 145.39 | 112.20 |
| Other debts | | | |
| Secured - Considered good | | 176.42 | 199.96 |
| Unsecured - Considered good | | 444.91 | 591.84 |
| Unsecured - Considered doubtful | | – | 8.58 |
| | | 621.33 | 800.38 |
| Less: Provision for doubtful debts | | – | 8.58 |
| | (B) | 621.33 | 791.80 |
| | **Total (A+B)** | **766.72** | **904.00** |

## 17. CASH AND BANK BALANCES

₹ / crore

| | Non-current | | Current | |
|---|---|---|---|---|
| | 31st March, 2015 | 31st March, 2014 | 31st March, 2015 | 31st March, 2014 |
| **Cash and Cash equivalents** | | | | |
| Cash on hand | – | – | 0.11 | 0.16 |
| Cheques on hand | – | – | 30.44 | 37.35 |
| **Balances with bank:** | | | | |
| On Current accounts | – | – | 57.21 | 37.68 |
| On Cash Credit Accounts | | | 22.48 | – |
| **Others** | | | | |
| In post office saving bank account | – | – | 0.00 * | 0.00 * |
| **Other Bank Balances** | | | | |
| Deposit with original maturity for more than12 months | 0.48 | 0.32 | 0.59 | – |
| Deposit with original maturity for more than3 months but less than 12 months | – | – | 28.07 | 0.34 |
| Balances with bank: | | | | |
| On unpaid dividend accounts | – | – | 1.37 | 1.68 |
| | **0.48** | **0.32** | **140.27** | **77.21** |
| Amount disclosed under other non current assets (Refer Note 14) | (0.48) | (0.32) | – | – |
| | **-** | **-** | **140.27** | **77.21** |

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

| | | |
|---|---|---|
| – Deposits pledged with the sales tax | 0.00 * | 0.00 * |
| – Held as lien by bank against bank guarantees | 0.06 | 0.06 |

(b) Other bank balances as of 31st March, 2015 and 31st March, 2014 include restricted bank balances of ₹ 1.37 crore and ₹ 1.68 crore respectively. The restrictions are primarily on account of bank balances held in unclaimed dividends accounts.

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

## 18. REVENUE FROM OPERATIONS

₹ / crore

| | 2014-2015 | 2013-2014 |
|---|---|---|
| Sale of products | 5,236.11 | 5,416.02 |
| Other operating revenues | 12.70 | 17.95 |
| | 5,248.81 | 5,433.97 |
| Less: Excise duty | 375.44 | 353.06 |
| | **4,873.37** | **5,080.91** |

## 19. OTHER INCOME

₹ / crore

| | 2014-2015 | 2013-2014 |
|---|---|---|
| (a) Interest Income | | |
| - On bank and other deposits | 3.03 | 13.11 |
| - On delayed payment by customers | – | 12.36 |
| - On income tax refund | 3.88 | 1.80 |
| (b) Dividend Income | | |
| - from long term investments | 4.38 | 5.77 |
| (c) Profit on fixed assets sold/ discarded (net) | – | 4.02 |
| (d) Claims from insurance company | 2.03 | 1.40 |
| (e) Liabilities no longer required written back | 9.66 | 10.67 |
| (f) Sale of Power | 38.43 | 54.78 |
| (g) Miscellaneous income | 4.34 | 20.63 |
| | **65.75** | **124.54** |

## 20. COST OF MATERIALS CONSUMED

₹ / crore

| | 2014-2015 | 2013-2014 |
|---|---|---|
| **Raw Materials Consumed** | | |
| Opening Stock | 197.55 | 252.18 |
| Purchases | 1,814.22 | 2,265.79 |
| | 2,011.77 | 2,517.97 |
| Less : Closing Stock | 114.23 | 197.55 |
| Less : Transfer to Subsidiary (Refer note 25) | 6.73 | – |
| | 1,890.81 | 2,320.42 |
| Raising cost of limestone [Refer Note (a) below] | 90.03 | 91.31 |
| | **1,980.84** | **2,411.73** |

**Note 20.** ***Contd.***

| | | | | ₹ / crore | |
|---|---|---|---|---|---|
| | | | | **2014-2015** | **2013-2014** |
| **(a) Limestone raising cost include:** | | | | | |
| Salaries, Wages, Bonus etc. | | | | 9.82 | 7.86 |
| Contribution to Provident and other Funds | | | | 0.75 | 0.65 |
| Workmen and Staff welfare | | | | 0.49 | 0.46 |
| Dead Rent, Royalty etc. | | | | 43.49 | 37.15 |
| Power and Fuel | | | | 1.81 | 0.15 |
| Stores and spares parts consumed | | | | 17.20 | 21.96 |
| Machinery repairs | | | | 10.44 | 15.41 |
| Other repairs | | | | 0.20 | 0.38 |
| Rates and taxes | | | | 0.14 | 0.20 |
| Contractors-Transport | | | | 4.20 | 5.76 |
| Miscellaneous | | | | 1.49 | 1.33 |
| | | | | 90.03 | 91.31 |
| | | **Quantity** | | | |
| | | **2014-2015** | **2013-2014** | | |
| **(b) Purchase of finished goods comprise:** | | | | | |
| Tubes | Nos | 2,928,907 | 1,970,901 | 42.90 | 37.55 |
| Flaps | Nos | 535,971 | 818,751 | 15.63 | 23.61 |
| | | | | 58.53 | 61.16 |

**21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

| | ₹ / crore | |
|---|---|---|
| | **2014-2015** | **2013-2014** |
| Opening Stock | | |
| - Work - in - progress | 115.57 | 99.91 |
| - Finished Goods | 418.53 | 392.21 |
| | 534.10 | 492.12 |
| Less: Closing Stock | | |
| - Work - in - progress | 67.91 | 115.57 |
| - Finished Goods | 418.31 | 418.53 |
| | 486.22 | 534.10 |
| Less: Transferred to Capital Jobs | 0.17 | 0.70 |
| | **47.71** | **(42.68)** |

**22. EMPLOYEE BENEFITS EXPENSE**

| | ₹ / crore | |
|---|---|---|
| | **2014-2015** | **2013-2014** |
| Salaries, Wages, Bonus etc. | 411.82 | 357.19 |
| Contribution to Provident Fund [Refer note (b) below] | 30.41 | 28.97 |
| Contribution to Superannuation Fund | 0.46 | 0.52 |
| Contribution to Labour Welfare Fund | 0.32 | 0.21 |
| Contribution to Gratuity Fund [Refer note (a) below] | 8.55 | 7.05 |
| Contribution under Employees State Insurance Scheme | 1.43 | 2.15 |
| Workmen and Staff Welfare | 16.62 | 16.03 |
| | **469.61** | **412.12** |

**Note 22.** ***Contd.***

(a) **Gratuity**

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

The Company has charged ₹ 8.55 crore (2013-2014 : ₹ 7.05 crore) towards gratuity during the year ended 31st March, 2015 in the Statement of Profit and Loss.

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

| | | ₹ / crore | |
|---|---|---|---|
| | | **2014-2015** | **2013-2014** |
| **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 | 81.76 | 80.70 |
| (b) | Current Service Cost | 6.61 | 5.77 |
| (c) | Interest Cost | 6.13 | 6.34 |
| (d) | Actuarial Loss / (Gain) | 8.10 | 1.24 |
| (e) | (Benefits Paid) | (10.32) | (12.29) |
| (f) | Liability pertains to Subsidiary transferred at year end ** | (8.12) | – |
| (g) | Present Value of Obligation at the end of the year | 84.16 | 81.76 |
| **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 | 74.71 | 66.24 |
| (b) | Expected Return on Plan Assets | 5.98 | 5.63 |
| (c) | Actuarial Gain/(Loss) | 6.31 | 0.67 |
| (d) | Contributions by employer | 7.05 | 14.46 |
| (e) | (Benefits Paid) | (10.32) | (12.29) |
| (f) | Fair Value of Plan Assets as at the end of the year | 83.73 | 74.71 |
| **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 | 84.16 | 81.76 |
| (b) | Fair Value of Plan Assets as at the end of the year | 83.73 | 74.71 |
| (c) | Liability recognised in the Balance Sheet | 0.43 | 7.05 |
| (d) | Experience (Gain) /Loss adjustment on plan liabilities | 8.10 | 1.24 |
| (e) | Experience Gain/(Loss) adjustment on plan assets | 6.31 | 0.67 |
| **IV.** | **Expense charged to the Statement of Profit and Loss** | | |
| (a) | Current Service Cost | 6.61 | 5.77 |
| (b) | Interest Cost | 6.13 | 6.34 |
| (c) | (Expected Return on Plan Assets) | (5.98) | (5.63) |
| (d) | Actuarial (Gain)/Loss | 1.79 | 0.57 |
| (e) | Total expense charged to the Statement of Profit and Loss | 8.55 | 7.05 |

**Note 22.** ***Contd.***

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

| | | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|---|
| (a) | NAV / Interest based schemes with Insurance Companies | 99.81% | 99.93% |
| (b) | Government (Central and State) Securities | 0.19% | 0.07% |
| | **Total** | **100.00%** | **100.00%** |

**VI. Amount recognised in current year and previous four years** **₹ / crore**

| | | 2014-2015 | 2013-2014 | 2012-2013 | 2011-2012 | 2010-2011 |
|---|---|---|---|---|---|---|
| (a) | Present Value of Obligation as at the end of the year | 84.16 | 81.76 | 80.70 | 68.27 | 63.81 |
| (b) | Fair Value of Plan Assets as at the end of the year | 83.73 | 74.71 | 66.24 | 57.51 | 57.46 |
| (c) | Liability recognised in the Balance Sheet | 0.43 | 7.05 | 14.46 | 10.76 | 6.34 |
| (d) | Experience (Gain) /Loss adjustment on plan liabilities | 8.10 | 1.24 | 8.88 | 5.34 | 1.84 |
| (e) | Experience Gain/(Loss) adjustment on plan assets | 6.31 | 0.67 | 0.74 | (0.34) | (0.19) |

| | | | ₹ / crore |
|---|---|---|---|
| | | 2014-2015 | 2013-2014 |
| **VII.** | **Actual Return on Plan Assets** | 12.16 | 6.32 |

**VIII. Principal Actuarial Assumptions**

| | | 31st March, 2015 | 31st March, 2014 |
|---|---|---|---|
| (a) | Discount Rate (per annum) | **8.00%** | **8.50%** |
| (b) | Expected Rate of Return on Plan Assets (per annum) | **8.75%** | **8.50%** |
| (c) | Salary Escalation | **5.00%** | **5.00%** |
| (d) | Inflation Rate | **5.00%** | **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.

** The Company has transferred 5645 of its employees along with related present value of Gratuity Fund obligations to its Subsidiary Company, pursuant to the execution of a binding term sheet dated 12th September 2015, as indicated in note 25, however plan assets with respect to these employees are pending for transfer as at 31st March 2015.

(b) **Provident Fund**

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

The Guidance on Implementing AS 15, Employee Benefits (Revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving employers established provident funds, which require interest shortfalls to be compensated are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The actuary has accordingly provided a valuation and there is no shortfall as at 31st March, 2015.

**Note 22.** ***Contd.***

The Company has contributed ₹ 30.41 crore (2013-14 : ₹ 28.97 crore) towards provident fund during the year ended 31st March, 2015.

(i) The detail of fund and plan assets position are as follows. **₹ / crore**

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|
| Present Value of Obligation as at the end of the year | 206.29 | 189.46 |
| Fair Value of Plan Assets as at the end of the year | 222.19 | 206.62 |
| (ii) Principal Actuarial Assumptions | | |
| Discount Rate (per annum) | 8.75% | 8.75% |
| Expected Rate of Return on Plan Assets (per annum) | 8.52% | 9.45% |

**23. OTHER EXPENSES** **₹ / crore**

| | 2014-2015 | 2013-2014 |
|---|---|---|
| Consumption of stores and spare parts | 88.29 | 109.44 |
| Power and fuel [Refer Note (a) below] | 774.31 | 793.47 |
| Rent | 22.12 | 12.86 |
| Repairs and Maintenance [Refer Note (b) below] | | |
| Building | 7.69 | 8.04 |
| Plant and Machinery | 49.52 | 50.76 |
| Others | 5.05 | 5.07 |
| Insurance | 9.37 | 10.03 |
| Rates and Taxes | 30.15 | 20.88 |
| Brokerage and Discounts | 206.06 | 122.09 |
| Packing, Carriage and Shipping [Refer Note (c) below] | 642.91 | 529.06 |
| Commission to selling agents | 36.65 | 57.27 |
| Directors' Fees | 0.13 | 0.08 |
| Debts/ Advances/ Deposits written off | 0.74 | – |
| Legal & Professional expenses | 58.56 | 18.19 |
| Provision for doubtful debts | 58.96 | 21.28 |
| Provision for doubtful advance | 12.28 | 6.15 |
| Payments to the auditor [Refer Note (d) below] | 2.65 | 2.23 |
| Guarantee commission | 0.00 * | 0.06 |
| Loss on Fixed Assets Sold/Discarded | 3.65 | – |
| Conversion charges | – | 1.62 |
| Excise duty [refer Note (e) below] | 0.99 | (0.27) |
| Net loss on foreign currency transaction and translation (other than considered as finance cost) | 0.38 | 45.94 |
| Miscellaneous expenses [Refer Note 26] | 190.37 | 138.24 |
| | **2,200.83** | **1,952.49** |

* *Amount is below rounding off norms adopted by the Company*

**Note 23.** ***Contd.***

| | | ₹ / crore | |
|---|---|---|---|
| | | **2014-2015** | **2013-2014** |
| (a) | Power and Fuel includes consumption of stores and spares | 703.76 | 714.63 |
| (b) | Repair and Maintenance includes: | | |
| | (i) Consumption of stores and spares parts | 5.14 | 6.30 |
| | (ii) Salaries and Wages | 17.17 | 12.08 |
| (c) | Packing, carriage and shipping includes: | | |
| | (i) Consumption of stores and spares parts | 76.39 | 75.66 |
| | (ii) Salaries and Wages | 9.73 | 6.84 |
| (d) | Payment to auditor | | |
| | **As Auditors :** | | |
| | Audit Fees | 1.46 | 1.20 |
| | Tax Audit Fees | 0.48 | 0.44 |
| | Fees for issuing various certificates (including Limited Reviews) | 0.70 | 0.59 |
| | Others (for Rights Issue) | – | 1.00 |
| | Reimbursement of Expenses | 0.01 | 0.00 * |
| | | **2.65** | **3.23** |
| (e) | Represents excise duty related to the difference between the closing stock and opening stock of finished goods | | |
| (f) | Fixed Assets (Note 11) /Capital Work in Progress include consumption of stores and spares parts during the year | 16.63 | 11.73 |

* *Amount below rounding off norms adopted by the Company*

**24. FINANCE COST**

| | ₹ / crore | |
|---|---|---|
| | **2014-2015** | **2013-2014** |
| Interest expenses | 566.76 | 539.82 |
| Other borrowing costs | 107.26 | 33.01 |
| Applicable net loss on foreign currency transactions and translation | 6.56 | – |
| | **680.58** | **572.83** |

**25. EXCEPTIONAL ITEM**

Based upon general body approvals accorded to the Company under the relevant provisions of the Companies Act, 2013, an Undertaking comprising of its automotive tyre manufacturing facility at Laksar, District Haridwar, Uttarakhand was transferred as a going concern during the year ended 31st March, 2015 to a subsidiary more than 90% of whose Share Capital is held by the Company. Such transfer was effected through a slump sale within the meaning of the Income Tax Act, 1961.

Pursuant to the execution of a binding Term Sheet dated 12th September, 2015 as between the Company, the subsidiary and the J K Tyre Group, it has been agreed that the Company will transfer ownership of such subsidiary to the J K Tyre Group at a consideration of ₹ 2195 crores. The transaction will stand consummated based upon a mutually agreed "closing" i.e 31 December 2015 upon execution of such definitive agreements as may be agreed to by and between the parties together with obtaining the required corporate approvals, statutory consents and completion of other compliances as applicable. In the eventuality of the transactions not being completed on or prior to December 31, 2015, any party may terminate this term sheet or definitive agreement and the same shall cease to have effect.

In accounting for the transaction in its books of account pertaining to the year 31st March, 2015 as per the binding Term Sheet referred to above, the Company has credited the difference between the consideration receivable and the carrying cost of the Undertaking in its books as at 31st March, 2015 amounting to ₹ 409.20 crore (net of expenses required to execute the deal) to Exceptional Income. No Consolidated Financial Statements for the year ended 31st March, 2015 have been prepared by the Company . This has been so done in exercise of the mandate given in paragraph 11(a) of Accounting Standard 21 granting a company exemption from consolidation should a subsidiary be held for disposal in the near future.

**26. MISCELLANEOUS EXPENSES INCLUDES**

| | ₹ / crore | |
|---|---|---|
| | **2014-2015** | **2013-2014** |
| (i) Consumption of stores and spares parts | 6.14 | 2.78 |
| (ii) Payment to cost auditor | 0.10 | 0.09 |

## 27. EARNINGS PER SHARE

₹ / crore

| | | 2014-2015 | 2013-2014 |
|---|---|---|---|
| Number of equity shares at the beginning of the year | | 10,97,68,650 | 4,57,41,080 |
| Number of equity shares at the end of the year | | 10,97,68,650 | 10,97,68,650 |
| Weighted average number of equity shares outstanding during the year | (A) | 10,97,68,650 | 9,49,16,702 |
| Nominal value of each equity Share (₹) | | 10 | 10 |
| Profit/(Loss) after Tax (₹ in crore) | (B) | (366.68) | (515.55) |
| Earnings per share (Basic and Diluted) (₹) | (B/A) | (33.40) | (54.32) |

## 28. EXPENDITURE IN FOREIGN CURRENCY DURING THE YEAR

| | | |
|---|---|---|
| Technical Service Fees | 9.62 | 4.29 |
| Commission, Brokerage and Discount | 0.03 | 0.12 |
| Interest | 14.17 | 9.92 |
| Miscellaneous (Travelling, Listing fees etc.) | 8.41 | 7.87 |
| | 32.23 | 22.20 |

## 29. EARNINGS IN FOREIGN EXCHANGE DURING THE YEAR

| | | |
|---|---|---|
| Exports (excluding export to Nepal and Bhutan) of goods [F.O. B.] | 126.82 | 370.69 |

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

| | | |
|---|---|---|
| Raw Materials | 453.36 | 506.89 |
| Components and Spare Parts (including stores) | 158.92 | 58.89 |
| Capital Goods | 14.31 | 19.14 |
| | **626.59** | **584.92** |

## 31. CONTINGENT LIABILITIES

₹ / crore

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|
| (a) Guarantees given - | | |
| (i) to excise authorities | 0.12 | 0.12 |
| (ii) by Banks on behalf of the Company (excluding relating to joint venture referred to in note 35 below) | 55.91 | 110.47 |
| (b) Claims against the Company not acknowledged as debts : | | |
| (i) Rates, Taxes, Duties etc. demanded by various Authorities | 357.06 | 369.74 |
| (ii) Amount demanded by Provident Fund Authorities which is sub judice | 0.87 | 0.87 |
| (c) Income Tax matters | 17.55 | 16.80 |

## 32. CAPITAL AND OTHER COMMITMENTS

₹ / crore

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|
| **(a) Capital Commitments** | | |
| Estimated value of contracts in capital account remaining to be executed [net of advances ₹ 7.86 crore (31st March, 2014 - ₹10.52 crore)] | 45.88 | 68.97 |
| **(b) Other Commitments** | | |
| Export Commitments against purchase of imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India. | 65.88 | 132.23 |
| Export Commitments against import under Advance Licence Scheme, of the Government of India. | 87.57 | 209.01 |
| **TOTAL** | **199.33** | **410.21** |

## 33. RESEARCH AND DEVELOPMENT EXPENDITURE

The Company has incurred ₹ 6.04 Crore (Previous year ₹ 4.34 Crore) on account of Research and Development expenses which has been charged to Statement of Profit and Loss. Capital Expenditure relating to Research & Development amounting to ₹ Nil (Previous year ₹ 0.07 Crore) has been included in Fixed Assets.

₹ / crore

| | 2014-2015 | | 2013-2014 | |
|---|---|---|---|---|
| | Capital | Revenue | Capital | Revenue |
| Unit - Vasavadatta Cement | – | 3.14 | 0.02 | 2.21 |
| Unit - Kesoram Cement | – | 1.42 | – | 1.39 |
| Unit - Birla Tyre | – | 1.48 | 0.05 | 0.74 |
| | – | **6.04** | 0.07 | **4.34** |

## 34. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

₹ / crore

**(a) Derivatives outstanding:**

| Particulars | Purpose | Currency | As at 31st March, 2015 | | As at 31st March, 2014 | |
|---|---|---|---|---|---|---|
| (i) Forward Contracts to buy | Hedge against foreign borrowings | USD | 1.79 | 112.88 | – | – |
| (ii) Forward Contracts to sell | Hedge against highly probable forecast transaction | USD | 0.05 | 3.15 | – | – |
| (iii) Currency Swap contracts outstanding | | USD | 6.82 | – | – | – |
| (iv) Interest Rate Swap contracts outstanding | | USD | – | – | 0.83 | – |

**(b) Particulars of unhedged foreign currency exposure:**

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|
| **1. Amount receivable in Foreign currency** | | |
| FC amount (In EURO) | 0.00 * | 0.01 |
| INR value | 0.18 | 0.61 |
| FC amount (In Dollar) | 3.07 | 4.94 |
| INR value | 193.75 | 293.06 |
| FC amount (In GBP) | – | 0.02 |
| INR value | – | 2.39 |
| **2. Amount payable in Foreign currency** | | |
| FC amount (In EURO) | 0.02 | 0.04 |
| INR value | 1.65 | 3.33 |
| FC amount (In Dollar) | 2.84 | 4.22 |
| INR value | 179.05 | 255.16 |
| FC amount (In GBP) | – | 0.03 |
| INR value | – | 2.88 |
| FC amount (In JPY) | 0.00 * | 48.27 |
| INR value | 0.00 * | 28.49 |

**(c) Mark-to-Market Losses**

| | | |
|---|---|---|
| Mark-to-Market losses provided for | | |
| - Outstanding forward contracts | 2.59 | – |
| - Currency Swaps Contracts | 2.81 | – |
| - Interest Rate Swap Contracts | – | 1.15 |

## 35. JOINT VENTURES

₹ / crore

The Company has the following investment in a jointly controlled entity

| Name of the Joint Venture | Country of Incorporation | Proportion of ownership interest as on 31st March, 2015 | Proportion of ownership interest as on 31st March, 2014 |
|---|---|---|---|
| Gondkhari Coal Mining Limited | India | 45.46 | 45.46 |

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

₹ / crore

| | | 31st March, 2015 | 31st March, 2014 |
|---|---|---|---|
| **I** | **ASSETS** | | |
| | Tangible assets | 0.00 * | 0.00 * |
| | Capital work in progress | 6.41 | 6.41 |
| | Long term loan and advances | 0.03 | 0.03 |
| | Cash and Bank balances | 0.02 | 0.00 * |
| | Short term loans and advances | 0.00 * | 0.00 * |
| | Other current assets | 0.22 | 0.01 |
| | | **6.68** | **6.45** |
| **II** | **LIABILITIES** | | |
| | Long term borrowings | 6.35 | 6.11 |
| | Other long term liabilities | 0.62 | 0.62 |
| | Trade payables | 0.04 | 0.05 |
| | | **7.01** | **6.78** |
| **III** | **INCOME** | | |
| | Revenue | 0.01 | – |
| **IV** | **EXPENSES** | | |
| | Other Expenses | 0.01 | 0.00 * |
| | Depreciation and amortisation expenses | 0.00 * | – |
| **V** | **Share of Contingent Liabilities** (Guarantees given by bank) | 5.40 | 5.40 |

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

## 36. LEASES

**As a lessee:**

Operating Lease

Rent expenditure (under Note 23) includes lease payments of ₹ 1.62 crore (2013-14 - ₹ 0.97 crore) relating to non cancellable operating lease. The leasing arrangement is for three to nine years and is in respect of office premises. The significant leasing arrangement inter alia includes option for renewal.

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

₹ / crore

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|
| (i) not later than one year | 1.62 | 0.70 |
| (ii) later than one year but not later than five years | 6.23 | 2.39 |
| (iii) later than five years | – | 0.10 |

With respect to Finance leases, the future minimum lease payments are as follows:

₹ / crore

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|
| (i) not later than one year | 4.32 | 4.97 |
| (ii) later than one year but not later than five years | 0.67 | 4.99 |

**As a lessor:**

Operating Lease

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

| | | |
|---|---|---|
| Gross carrying amount as on balance sheet date | 1.98 | 1.98 |
| Accumulated depreciation amount as on balance sheet date | 0.17 | 0.15 |
| Net carrying amount as on balance sheet date | 1.81 | 1.83 |
| Depreciation recognised in statement of profit and loss | 0.02 | 0.04 |

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

₹. / crore

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|
| (i) not later than one year | – | – |
| (ii) later than one year but not later than five years | – | – |
| (iii) later than five years | – | – |

General Description of the aforesaid arrangement:

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

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

₹ / crore

| | 31st March, 2015 | 31st March, 2014 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 0.50 | 0.40 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | – | – |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | – | – |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | – | – |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | – | – |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made | – | – |
| Further interest remaining due and payable for earlier years | – | – |

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

**38. REMITTANCES IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND**

₹ / crore

| Financial Year | On account of | Number of non resident Shareholders | Number of shares held | Dividend Amount |
|---|---|---|---|---|
| 2014-15 | 2013-14 Final | 2 | 7,341,875 | – * |
| 2013-14 | 2012-13 Final | 2 | 7,341,875 | 0.73 |

* *no dividend declared in 2014-2015*

₹ / crore

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|
| **39** Shares of Jay Shree Tea & Industries Ltd. held by the Company at face value being bonus shares remaining unclaimed. | 0.02 | 0.02 |

**40** The time frame of completion of expansion of 80 MT/day capacity of car radial project at Balasore is being extended to end of 2015-16.

**41** The time frame for grinding facility of 2.5 million MT cement per annum to be situated at Sholapur in the state of Maharashtra is being extended beyond 2015-16.

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

₹ / crore

| | 2014-2015 | | | | |
|---|---|---|---|---|---|
| | Up to 31st March 2014 | During 2014-2015 | Total | Capitalised/ transferred | Balance as on 31st March 2015 |
| | (a) | ( b) | ( c ) = (a) + ( b ) | ( d) | (e) = (c ) - (d) |
| Salaries, Wages, Bonus etc. | 3.56 | 0.56 | 4.12 | – | 4.12 |
| Contribution to Provident and Other Funds | 0.27 | 0.04 | 0.31 | – | 0.31 |
| Workmen and Staff Welfare | (0.00) * | (0.00) * | (0.00) * | – | (0.00) * |
| Power and Fuel | 0.57 | – | 0.57 | – | 0.57 |
| Repairs and Maintenance to Plant & Machinery | 0.13 | 0.11 | 0.24 | – | 0.24 |
| Rent | 2.00 | – | 2.00 | – | 2.00 |
| Rates & Taxes | 0.01 | – | 0.01 | – | 0.01 |
| Insurance | 1.00 | 0.37 | 1.37 | – | 1.37 |
| Miscellaneous Expenses | 1.93 | 0.31 | 2.24 | – | 2.24 |
| **Total (A)** | 9.47 | 1.39 | 10.86 | – | 10.86 |
| Electricity/Rent Receipts | 0.42 | (0.00) * | 0.42 | – | 0.42 |
| **Total (B)** | 0.42 | (0.00) * | 0.42 | – | 0.42 |
| **Net Pre-Operative Expenses (A-B)** | **9.05 #** | **1.39** | **10.44** | – | **10.44 #** |

# included in capital work in progress

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

₹ / crore

| | 2013-2014 | | | | |
|---|---|---|---|---|---|
| | Up to 31st March 2013 | During 2013-2014 | Total | Capitalised/ transferred | Balance as on 31st March 2014 |
| | (a) | ( b) | ( c ) = (a) + ( b ) | ( d) | (e) = (c ) - (d) |
| Salaries, Wages, Bonus etc. | 3.06 | 0.50 | 3.56 | – | 3.56 |
| Contribution to Provident and Other Funds | 0.22 | 0.05 | 0.27 | – | 0.27 |
| Workmen and Staff Welfare | (0.00) * | – | (0.00) * | – | (0.00) * |
| Power and Fuel | 0.57 | – | 0.57 | – | 0.57 |
| Repairs and Maintenance to Plant & Machinery | 0.08 | 0.05 | 0.13 | – | 0.13 |
| Rent | – | 2.00 | 2.00 | – | 2.00 |
| Rates & Taxes | 0.01 | – | 0.01 | – | 0.01 |
| Insurance | 0.60 | 0.40 | 1.00 | – | 1.00 |
| Miscellaneous Expenses | 1.81 | 0.12 | 1.93 | – | 1.93 |
| **Total (A)** | 6.35 | 3.12 | 9.47 | – | 9.47 |
| Electricity/Rent Receipts | 0.09 | 0.33 | 0.42 | – | 0.42 |
| **Total (B)** | 0.09 | 0.33 | 0.42 | – | 0.42 |
| **Net Pre-Operative Expenses (A-B)** | 6.26 # | 2.79 | 9.05 | – | 9.05 # |

# included in capital work in progress

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

**43. INFORMATION ABOUT BUSINESS SEGMENT**

₹ / crore

| | 2014-2015 | | | | |
|---|---|---|---|---|---|
| | **Tyres** | **Cement** | **Rayon, T.P. and Chemicals** | **Others** | **Total** |
| **Segment Revenue** | | | | | |
| Sales | 2,632.57 | 2,317.96 | 285.58 | 0.00 * | 5,236.11 |
| Less: Inter-segment sales (made at cost) | – | – | – | – | – |
| Total | 2,632.57 | 2,317.96 | 285.58 | 0.00 * | 5,236.11 |
| Other operating revenue | 11.22 | 1.25 | 0.23 | – | 12.70 |
| | **2,643.79** | **2,319.21** | **285.81** | **0.00 *** | **5,248.81** |
| Segment Results [Profit/(Loss) after considering other income and before interest and tax] | (476.47) | 351.14 | (31.16) | (4.10) | (160.59) |
| Interest | | | | | (566.76) |
| Other borrowing cost | | | | | (113.82) |
| Other unallocated income (net of expenditure) | | | | | 474.49 |
| **Profit/(Loss) Before Tax** | | | | | **(366.68)** |
| Segment Assets | 1,843.89 | 1,837.10 | 188.43 | 17.28 | 3,886.70 |
| Unallocated Assets | | | | | 2,241.86 |
| **Total** | | | | | **6,128.56** |
| Segment Liabilities | 372.22 | 269.76 | 81.51 | 2.11 | 725.60 |
| Unallocated Liabilities | | | | | 5,315.61 |
| **Total** | | | | | **6,041.21** |
| Segment Capital Expenditure | 9.47 | 23.10 | 9.64 | – | 42.21 |
| Unallocated Capital Expenditure | | | | | 2.49 |
| **Total** | | | | | **44.70** |
| Segment Depreciation and amortisation | 183.71 | 83.14 | 3.02 | 0.86 | 270.73 |
| Unallocated Segment Depreciation and amortisation | | | | | 6.17 |
| **Total** | | | | | **276.90** |
| Non cash expenditure other than depreciation and amortisation included in segment expense | 70.53 | 0.24 | 0.40 | 0.06 | 71.23 |
| Unallocated Non cash expenditure other than depreciation and amortisation included in segment expense | | | | | 0.62 |
| | | | | | **71.85** |
| Principal Items manufactured | Tyres, Tubes and Flaps | Cement | Viscose Filament Rayon Yarn, Cellophane Paper, Sulphuric Acid, Caustic Soda Lye, Hydrochloric Acid | | |

**Note 43.** ***Contd.***

**INFORMATION ABOUT BUSINESS SEGMENT** ₹ / crore

| | 2013-14 | | | | |
|---|---|---|---|---|---|
| | **Tyres** | **Cement** | **Rayon, T.P. and Chemicals** | **Others** | **Total** |
| **Segment Revenue** | | | | | |
| Sales | 3,151.51 | 1,961.54 | 303.59 | 0.04 | 5,416.68 |
| Less: Inter-segment sales (made at cost) | 0.66 | – | – | – | 0.66 |
| Total | 3,150.85 | 1,961.54 | 303.59 | 0.04 | 5,416.02 |
| Other operating revenue | 11.42 | 5.25 | 1.28 | – | 17.95 |
| | **3,162.27** | **1,966.79** | **304.87** | **0.04** | **5,433.97** |
| Segment Results [Profit/(Loss) after considering other income and before interest and tax] | 17.40 | 164.13 | (10.49) | (4.70) | 166.34 |
| Interest | | | | | (539.82) |
| Other borrowing cost | | | | | (33.01) |
| Other unallocated expenditures (net of income) | | | | | (73.81) |
| **Profit Before Tax** | | | | | **(480.30)** |
| Segment Assets | 4,052.52 | 1,855.75 | 178.11 | 18.68 | 6,105.06 |
| Unallocated Assets | | | | | 127.32 |
| **Total** | | | | | **6,232.38** |
| Segment Liabilities | 831.39 | 281.17 | 48.40 | 2.24 | 1,163.20 |
| Unallocated Liabilities | | | | | 4,598.37 |
| **Total** | | | | | **5,761.57** |
| Segment Capital Expenditure | 46.14 | 44.71 | 21.55 | – | 112.40 |
| Unallocated Capital Expenditure | | | | | 15.49 |
| **Total** | | | | | **127.89** |
| Segment Depreciation and amortisation | 194.58 | 113.50 | 3.97 | 1.01 | 313.06 |
| Unallocated Segment Depreciation and amortisation | | | | | 5.04 |
| **Total** | | | | | **318.10** |
| Non cash expenditure other than depreciation and amortisation included in segment expense | 20.74 | – | 0.32 | 0.16 | 21.22 |
| Unallocated Non cash expenditure other than depreciation and amortisation included in segment expense | | | | | 6.15 |
| | | | | | **27.37** |
| 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.

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

## 44. RELATED PARTY DISCLOSURES

**Rs. / Crore**

| | Related Party | Relationship | Outstanding as at 31st March 2015 | Outstanding as at 31st March 2014 | Payable/ receivable/ others | Nature of Transaction | 2014-2015 | 2013-2014 |
|---|---|---|---|---|---|---|---|---|
| (A) | MSK Travels and Tours Ltd | I | 0.08 | – | Payable | Expenditure-Other Services | 8.58 | 4.69 |
| | | | | | | Expenditure-Commission | – | 0.19 |
| | | | | | | Reimbursement | 0.00 # | 6.16 |
| (B) | Cavendish Industries Limited @ | II | 1,371.45 | – | Receivable | Sale of undertaking | 2,194.95 | – |
| | | | 700.05 | – | Investment in Shares | Acquisition of Shares | 700.00 | – |
| | | | | | | Reimbursement | 2.50 | – |
| (C) | Gondkhari Coal Mining Limited | III | 6.15 | 6.15 | Receivable-loan | | – | – |
| | | | 0.62 | 0.62 | Receivable-Interest | | – | – |
| | | | 0.02 | 0.02 | Investment in shares | | – | – |
| (D) | Manjushree Khaitan (Whole-time Director) | IV | – | – | | Dividend paid | – | 0.02 |
| (E) | K.C. Jain (Manager/Whole-time Director) | IV | 1.09 | – | Payable | Expenditure- Remuneration | 3.96 | 3.42 |
| (F) | Amolak Prit Singh (Whole-time Director) * | IV | 0.42 | – | Payable | Expenditure- Remuneration | 0.64 | – |
| (G) | Basant Kumar Birla | V | – | – | | Expenditure- Director Fees | 0.01 | 0.01 |
| | | | | | | Dividend paid | – | 0.02 |
| (H) | Sarala Devi Birla ** | V | – | – | | Dividend paid | – | 0.01 |
| (I) | Jayashree Mohta | V | – | – | | Dividend paid | – | 0.00 # |
| (J) | Vidula Jalan | V | – | – | | Dividend paid | – | 0.00 # |
| (K) | Shaila Jain | V | – | – | | | – | – |
| (L) | Anil Kumar Jain | V | – | – | | | – | – |
| (M) | Sunil Kumar Jain | V | – | – | | | – | – |
| (N) | Kumar Kushal Jain | V | – | – | | | – | – |
| (O) | Vimal Chand Jain | V | – | – | | | – | – |
| (P) | Seetal Chand Jain | V | – | – | | | – | – |
| (Q) | Pawan Chand Jain | V | – | – | | | – | – |
| (R) | Neelam Bhantia | V | – | – | | | – | – |
| (S) | Jay Shree Tea & Industries Limited | VI | 0.01 | 0.01 | Investment in shares | Dividend Received | 0.08 | 0.17 |
| | | | – | 0.00# | Payable | | | |
| (T) | Parvati Tea Co Pvt Ltd | VI | – | – | | Dividend Paid | – | 0.05 |
| (U) | Birla Holdings Ltd | VI | – | – | | | – | – |
| (V) | North Tukvar Tea Co. Ltd | VI | – | – | | | – | – |
| (W) | Mangalam Cement Ltd | VI | 20.12 | 20.12 | Investment in shares | Purchases | 0.06 | 0.11 |
| | | | | | | Dividend Received | 1.15 | 2.29 |
| (X) | Synergy Enterprise | VI | 0.12 | 0.09 | Receivable | Income-sales | – | 0.43 |
| | | | | | | Expenditure-Commission | – | 0.20 |
| | | | | | | Expenditure-Interest paid | – | 0.03 |
| | | | | | | Reimbursement | – | 0.00 # |
| | | | | | | Security Deposit taken | – | 0.32 |
| (Y) | A.K. Enterprise | VI | 0.03 | 0.09 | Security deposit payable | Expenditure-Commission | 0.10 | 0.52 |
| | | | | | | Expenditure-Interest paid | – | 0.05 |
| | | | | | | Reimbursement | – | 0.11 |
| | | | | | | Security Deposit taken | – | 0.61 |

**Note 44.** ***Contd.***

**Rs. / Crore**

| | Related Party | Relationship | Outstanding as at 31st March 2015 | Outstanding as at 31st March 2014 | Payable/ receivable/ others | Nature of Transaction | 2014-2015 | 2013-2014 |
|---|---|---|---|---|---|---|---|---|
| (Z) | Century Textiles & Industries Ltd. $ | VII | – | 14.19 | Payable | Income -Rent & other service | – | 0.09 |
| | | | – | 0.06 | Receivable | Income - Sales | – | 1.57 |
| | | | – | 16.93 | Investment in shares | Expenditure-Rent & other services | – | 0.11 |
| | | | | | | Expenditure-Purchases | – | 47.86 |
| | | | | | | Dividend paid | – | 0.21 |
| | | | | | | Dividend received | – | 1.51 |
| (AA) | Century Enka Ltd. $ | VII | – | 33.91 | Payable | Income -Rent & other service | – | 0.01 |
| | | | – | 12.91 | Investment in shares | Income - Sales | – | 0.03 |
| | | | | | | Expenditure-Purchases | – | 117.26 |
| | | | | | | Dividend paid | – | 0.06 |
| | | | | | | Dividend received | – | 0.80 |

* *from 01/12/2014 to 14/01/2015*

** *expired on 28/03/2015*

$ *ceased to be related party on 31/03/2014*

@ *refer note 25*

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

**I Enterprise where control exists due to Key Management Personnel**

**II Subsidiary**

**III Joint venture**

**IV Key Management Personnel**

**V Relative of Key Management Personnel**

**VI Enterprise over which person referred to in V above is able to exercise significant influence.**

**VII Other related party**

*Disclosure pursuant to Section 186(4) of The Companies Act 2013, regarding loans given, Investment made and Guarantee given are mentioned in the respective notes of Non Current Investments (refer note 12), and Non Current Loans and Advances (refer note 13) and Guarantees (refer note 31).*

**45. PARTICULARS IN RESPECT OF GOODS MANUFACTURED :**

| Manufacturing Section | | Class of goods manufactured | CAPACITY Licensed 2014-2015 (Same as 2013-2014 except otherwise indicated) | | CAPACITY Installed *(a)* 2014-2015 (Same as 2013-2014 except otherwise indicated) | | Unit | PRODUCTION (Meant for Sale) 2014-2015 | 2013-2014 |
|---|---|---|---|---|---|---|---|---|---|
| Cement - | | | | | | | | | |
| At Basantnagar | | Cement | | Not Applicable | 15,00,000 | M. Tons | M.T. | 9,14,201 * | 10,59,028 * |
| At Sedam | | Cement | | Not Applicable | 57,50,000 | M. Tons | M.T. | 42,84,488 * | 39,57,156 * |
| Rayon & Transparent Paper | (i) | Carbon-di-Sulphide | 3,603 | M. Tons per year | 3,600 | M. Tons per year | M.T. | 7,824 * | 5,549 * |
| | (ii) | Cellophane Paper (Transparent Cellulose Film) | 150 | M. Tons per month | 3,600 | M. Tons per year | M.T. | 1,399 * | 1,816 * |
| | (iii) | Sodium Sulphate | 5,311 | M. Tons per year | 5,500 | M. Tons per year | M.T. | 5,482 * | 6,227 * |
| | (iv) | Sodium Sulphide | 70 | M. Tons per year | 187 | M. Tons per year | M.T. | 3 | – |
| | (v) | Sulphuric Acid | 22,530 | M. Tons per year | 36,500 | M. Tons per year | M.T. | 36,521 * | 33,014 * |
| | (vi) | Viscose Filament Rayon Yarn | 10 | Tons per day | 6,500 | M. Tons per year | M.T. | 6,403 | 7,287 |
| Spun Pipes & Foundries # | | Cast Iron Spun Pipes & Pipe Fittings | 45,000 | M. Tons per year | 45,000 | M. Tons per year | M.T. | – | – |
| Tyre | (i) | Tyres | | Not Applicable | 1,21,02,000 | Nos. per year | No. | 76,78,283 | 60,94,832 |
| | (ii) | Tubes | | Not Applicable | 29,50,000 | Nos. per year | No. | 18,22,986 (including nil nos. manufactured by contract manufacturer) | 23,12,314 (including 4,19,264 nos. manufactured by contract manufacturer) |
| | (iii) | Flaps | | Not Applicable | 15,25,000 | Nos. per year | No. | 10,45,449 (including 5,73,374 nos. manufactured by contract manufacturer) | 11,41,239 (including 5,26,086 nos. manufactured by contract manufacturer) |

**Note 45.** ***Contd.***

| Manufacturing Section | | Class of goods manufactured | CAPACITY Licensed 2014-2015 (Same as 2013-2014 except otherwise indicated) | | CAPACITY Installed *(a)* 2014-2015 (Same as 2013-2014 except otherwise indicated) | | PRODUCTION (Meant for Sale) Unit | 2014-2015 | 2013-2014 |
|---|---|---|---|---|---|---|---|---|---|
| Hindustan Heavy Chemicals ## | (i) | Caustic Soda Lye (100%) | 15,120 | M. Tons per year | 12,410 | M. Tons per year | M.T. | – | – |
| | (ii) | Liquid Chlorine | 6,000 | M. Tons per year | 5,045 | M. Tons per year | M.T. | – | – |
| | (iii) | Sodium Hypochlorite | 16,500 | M. Tons per year | 6,205 | M. Tons per year | M.T. | – | – |
| | (iv) | Hydrochloric Acid (100%) | 9,750 | M. Tons per year | 8,200 | M. Tons per year | M.T. | – | – |
| | (v) | Ferric Alum (including Alum Liquor) | 3,200 | M. Tons per year | 3,200 | M. Tons per year | M.T. | – | – |
| | (vi) | Sulphuric Acid (including Battery Grade) | 20,400 | M. Tons per year | 18,700 | M. Tons per year | M.T. | – | – |
| | (vii) | Purified Hydrogen Gas | 30,24,000 | $M^3$ per year | 16,20,000 | $M^3$ per year | $M^3$ | – | – |

* Production is inclusive of internal consumption.

\# Refer note no 49

\## Refer note no 50

(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.

## 46. PARTICULARS IN RESPECT OF STOCKS AND SALES OF GOODS MANUFACTURED/ TRADED :

₹ / crore

| | | Stock as at 31.03.2013 | | Stock as at 31.03.2014<br>Stock as at 01.04.2014 | | Stock as at 31.03.2015 | | Sales<br>**2014-2015** | | Sales<br>2013-2014 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Unit | Quantity | Value | Quantity | Value | **Quantity** | **Value** | **Quantity** | **Value** | Quantity | Value |
| Cement - | | | | | | | | | | | |
| At Basantnagar | M.T. | 25,469 | 7.87 | 20,306 | 6.20 | **21,271** | **6.97** | **913,104 (Excluding internal consumption of 132 MT)** | **392.90** | 1,063,893 (Excluding internal consumption of 298 MT) | 414.93 |
| At Sedam | M.T. | 100,546 | 31.92 | 88,391 | 25.60 | **86,421** | **25.77** | **4,285,505 (Excluding internal consumption of 953 MT]** | **1,925.07** | 3,966,770 (Excluding internal consumption of 2,541 MT] | 1,546.61 |
| Carbon-di-Sulphide | M.T. | 99 | 0.30 | 123 | 0.37 | **131** | **0.39** | **1,736 (Excluding internal consumption of 6,080 MT)** | **8.14** | 3,112 (Excluding internal consumption of 2,413 MT) | 13.60 |
| Cellophane Paper (Transparent Cellulose Film) | M.T. | 361 | 10.85 | 542 | 12.06 | **220** | **6.10** | **1,720 (Excluding internal consumption of 1 MT)** | **68.04** | 1,633 (Excluding internal consumption of 2 MT) | 62.12 |
| Sodium Sulphate | M.T. | 358 | 0.34 | 79 | 0.08 | **205** | **0.16** | **5,350 (Excluding internal consumption of 6 MT)** | **5.48** | 6,501 (Excluding internal consumption of 5 MT) | 6.06 |
| Sodium Sulphide | M.T. | – | – | – | – | **3** | **0.00 *** | – | – | – | – |
| Sulphuric Acid | M.T. | 717 | 0.26 | 225 | 0.07 | **242** | **0.11** | **29,487 (Excluding internal consumption of 7,017 MT)** | **17.67** | 25,787 (Excluding internal consumption of 7,719 MT) | 11.84 |
| Viscose Filament Rayon Yarn | M.T. | 622 | 18.47 | 1,206 | 31.07 | **1,292** | **35.01** | **6,317** | **186.24** | 6,703 | 209.97 |

**Note 46.** ***Contd...***

₹ / crore

| | Unit | Stock as at 31.03.2013 | | Stock as at 31.03.2014 / Stock as at 01.04.2014 | | Stock as at 31.03.2015 | | Sales 2014-2015 | | Sales 2013-2014 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Quantity | Value | Quantity | Value | **Quantity** | **Value** | **Quantity** | **Value** | Quantity | Value |
| Cast Iron Spun Pipes & Pipe Fittings | M.T. | 692 | 0.04 | 692 | 0.04 | **692** | **0.04** | – | – | – | – |
| Market Fittings | Pcs. | 3,813 | 0.00 * | 3,813 | 0.00 * | **3,813** | **0.00 *** | – | – | – | – |
| Tyres, Tubes & Flaps (Set) purchased | No. | 31 | 0.03 | 15 | 0.02 | – | – | **15** | **0.02** | 16 | 0.01 |
| Tyres | No. | 487,293 | 265.11 | 560,061 | 303.71 | **826,125** | **296.30** | **7,412,219** | **2,386.84** | 6,022,064 | 2,862.61 |
| Tubes | No. | 773,982 [(Including 2,11,383 nos. (Rs.7.18 crore) Purchased] | 33.46 | 755,449 [(Including 4,45,214 nos. (Rs.6.91 crore) Purchased] | 28.11 | **809,738 [(Including 2,06,694 nos. (Rs.2.85 crore) Purchased]** | **30.22** | **4,697,604 [(Including 31,67,427 nos. (Rs. 135.73 crore) on sale of Purchased]** | **201.30** | 4,301,748 [(Including 17,37,070 nos. (Rs. 36.48 crore) on sale of Purchased] | 225.29 |
| Flaps | No. | 305,441 [(Including 80,573 nos. (Rs.3.37 crores) Purchased] | 8.86 | 295,433 [(Including 93,063 nos. (Rs.3.33 crores) Purchased] | 8.79 | **325,160 [(Including 26,161 nos. (Rs.0.84 crores) Purchased]** | **10.30** | **1,551,693 [(Including 6,02,873 nos. (Rs. 17.25 crore) on sale of Purchased]** | **44.41** | 1,969,998 [(Including 8,06,261 nos. (Rs. 24.99 crore) on sale of Purchased] | 62.95 |
| Caustic Soda Lye (100%) | M.T. | 28 | 0.06 | 28 | 0.06 | **28** | **0.06** | – | – | – | – |
| Liquid Chlorine | M.T. | 69 | 0.04 | – | – | – | – | – | – | 69.00 | 0.00 * |
| Sodium Hypochlorite | M.T. | 43 | 0.01 | 43 | 0.01 | **43** | **0.01** | – | – | – | – |
| Hydrochloric Acid (100%) | M.T. | 12 | 0.00 * | 12 | 0.00 * | **12** | **0.00 *** | – | – | – | – |
| Sulphuric Acid (including Battery Grade) | M.T. | 95 | 0.04 | 11 | 0.00 * | **11** | **0.00 *** | – | – | 84.42 | 0.01 |
| Purified Hydrogen Gas | $M^3$ | 8,432 | 0.02 | 2,395 | 0.00 * | **2,395** | **0.00 *** | – | – | 6,037.30 | 0.02 |
| Others | | | 14.53 | | 2.34 | | **6.87** | | – | | – |
| **TOTAL** | | | **392.21** | | **418.53** | | **418.31** | | **5,236.11** | | **5,416.02** |

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

**47. CONSUMPTION OF RAW MATERIALS :**

₹ / crore

| Manufacturing Section | Class of Materials | Unit | 2014-2015 Quantity | 2014-2015 Value | 2013-2014 Quantity | 2013-2014 Value |
|---|---|---|---|---|---|---|
| Cement - | | | | | | |
| At Basantnagar | Limestone | M.T. | 850,000 | 30.14 | 1,110,000 | 37.41 |
| | Bauxite/ Laterite/ Hematite | M.T. | 54,533 | 8.31 | 69,576 | 10.75 |
| | Gypsum | M.T. | 27,945 | 5.47 | 32,263 | 6.49 |
| | Fly Ash | M.T. | 269,643 | 6.62 | 267,761 | 7.50 |
| At Sedam | Limestone | M.T. | 5,033,961 | 62.24 | 4,666,262 | 55.61 |
| | Bauxite/ Laterite/ Hematite | M.T. | 281,389 | 22.28 | 245,400 | 24.50 |
| | Gypsum | M.T. | 149,689 | 33.32 | 125,585 | 31.29 |
| | Fly Ash | M.T. | 535,978 | 34.47 | 506,778 | 31.28 |
| | Slag | M.T. | - | - | 11,621 | 1.00 |
| Rayon & Transparent Paper | Wood Pulp | M.T. | 7,979 | 55.79 | 9,259 | 71.91 |
| | Caustic Soda | M.T. | 5,397 | 17.21 | 5,870 | 19.14 |
| | Sulphur | M.T. | 15,711 | 20.19 | 16,021 | 16.89 |
| | Sundries | | 1,453 | 4.70 | 2,058 | 5.63 |
| Tyre | Natural Rubber | M.T. | 40,591 | 584.89 | 47,860 | 905.47 |
| | Synthetic Rubber | M.T. | 14,620 | 215.44 | 16,872 | 271.94 |
| | Carbon Black | M.T. | 27,576 | 253.81 | 31,219 | 278.07 |
| | Fabric | M.T. | 9,015 | 277.62 | 10,866 | 332.11 |
| | Other Chemicals and Sundries | | | 348.34 | | 304.74 |
| **TOTAL** | | | | **1,980.84** | | **2,411.73** |

**48. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES, SPARE PARTS AND COMPONENTS CONSUMED DURING THE YEAR :**

₹ / crore

| | 2014-2015 | | | | 2013-2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | Raw Materials | | Stores, Spare Parts & Components | | Raw Materials | | Stores, Spare Parts & Components | |
| | Value | % | Value | % | Value | % | Value | % |
| Imported | 392.11 | 19.80 | 237.95 | 26.05 | 533.93 | 22.14 | 71.13 | 7.55 |
| Indigenous | 1,588.73 | 80.20 | 675.60 | 73.95 | 1,877.80 | 77.86 | 871.37 | 92.45 |
| | **1,980.84** | **100.00** | **913.55** | **100.00** | **2,411.73** | **100.00** | **942.50** | **100.00** |

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

**50.** The Company intends to hive off its Hindusthan Heavy Chemicals unit (the Unit) as reflected in the Board Resolution of 31st January, 2006 and later on consented by the shareholders by postal ballot of 24th March, 2006. The Unit is not significant in terms of the Company's total assets/ liabilities/ revenue/ expenses/ cash flows. Pending disposal of the Unit, the Unit is in operation and results thereof, have been reflected in these Accounts. The Company had to declare suspension of work at the unit effective 8th December, 2010 in consequence of illegal strike/activities by workmen.

**51** Previous Year's figures have been regrouped or rearranged where considered necessary.

**For Price Waterhouse**
Firm Registration Number 301112E
Chartered Accountants

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

Place: Kolkata
Date : 19th October, 2015

**Kamal Chand Jain**
*Whole-time Director*

**Arvind Kumar Singh**
*CEO - Business Operations*

**Tridib Kumar Das**
*Chief Financial Officer*

**Gautam Ganguli**
*Company Secretary*

**Manjushree Khaitan**
*Executive Vice-Chairperson*

**Kasi Prasad Khandelwal**
**Sudip Banerjee**
*Directors*

## The Group Logo - *As represented by the 21th 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 emphasizing 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**

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