KESORAM
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December 4, 2018

The Secretary
BSE Limited
Floor 25, P.J. Towers
Dalal Street
Mumbai 400 001

The Secretary
National Stock Exchange of India Limited
Exchange Plaza
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051

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

Dear Sirs,

Sub: Outcome of the Board Meeting

Ref: Regulation 30(2) of the Securities and Exchange Board of India Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the applicable requirements of Circular bearing number CIR/CFD/CMD/4/2015 dated 9th September 2015 issued by Securities and Exchange Board of India

Please be informed that as recommended by the Audit Committee of the Company, the Board of Directors of Kesoram Industries Limited **("Company")** at its meeting held on 4th December, 2018 has approved the demerger of the Company's Tyre Undertaking into Birla Tyres Limited **("Resulting Company")**, to be implemented in terms of the Scheme of Arrangement **("Scheme")** between the Company, Resulting Company and their respective Shareholders and Creditors under Sections 230 and 232 of the Companies Act, 2013 and other applicable provisions of the Act **("Proposed Demerger")**,.

The Proposed Demerger shall be subject to the approval / sanction of the Scheme by National Company Law Tribunal, Kolkata Bench and such other authorities, as may be necessary.

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Kesoram Industries Limited
Registered & Corporate Office
9/1 R.N. Mukherjee Road, Kolkata - 700 001
CIN - L17119WB1919PLC003429

B K BIRLA GROUP OF COMPANIES

Pursuant to Regulation 30(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")** read with sub-para **1.3 of Para A.1 of** Annexure I of Circular bearing number CIR/CFD/CMD/4/2015 dated 9th September, 2015 issued by Securities and Exchange Board of India, we hereby provide the following details of the Proposed Demerger:

1. **Brief details of the division(s) to be demerged**

The Company is engaged in 2 (two) distinct lines of business namely:

(a) manufacture and distribution of cement through its "Birla Shakti" brand (collectively referred to as the "**Cement Business**"); and

(b) manufacture and distribution of automotive tyre through its "Birla Tyre" brand (collectively referred to as the "**Tyre Business**")

The Tyre Business of the Company is proposed to be demerged into the Resulting Company pursuant to the Scheme.

2. **Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year**

(a) The turnover of the demerged division i.e. Tyre Business is INR 1453 crores (Rupees One Thousand Four Hundred Fifty Three Crores only)

(b) Percentage of the turnover of the demerged division to the total turnover of the Company is about 39%.

3. **Rationale for demerger**

(a) The nature of risk and competition involved in each of the Cement Business and Tyre Business is distinct, necessitating different management approaches and focus. Moreover, the competitive dynamics of these businesses are also different.

(b) The separation of the Tyre Business, by way of this Scheme from the Company would lead to significant benefits for both businesses including:
- enabling a dedicated management focus and accelerate growth of both the Tyre Business and Cement Business unlocking significant value for the shareholders of Kesoram Industries Limited; and
- accessing varied sources of funds for the rapid growth of both businesses.

(c) With a view to achieve the aforesaid growth potential, the Company proposes to re-organise and segregate, by way of the Scheme, its business, undertaking and investments in the Tyre Business.

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4. **Brief details of change in shareholding pattern (if any) of all entities**

There are two entities involved in the Proposed Demerger:

(a) **The Company:** There shall be no change in the shareholding pattern of the Company.

(b) **The Resulting Company:** Resulting Company shall issue and allot to each shareholder of the Company (whose name is recorded in the Register of Members and records of the depository as member of the Company, on the record date) 1 equity share of Rs.10/- (Indian Rupees Ten) each of the Resulting Company, credited as fully paid up, for every 1 equity share of Rs. 10/- (Indian Rupee Ten) each held by such shareholder in the Company. Simultaneously with such issuance, in the books of the Resulting Company, all the existing shares held by the shareholders of the Resulting Company shall be paid off to the extent of the nominal value in cash and shall stand cancelled and extinguished. Post the Proposed Demerger, the shareholding pattern of the Resulting Company shall mirror the shareholding pattern of the Company.

5 **In case of cash consideration-amount or otherwise share exchange ratio**

As consideration for the proposed demerger, the Resulting Company shall issue and allot to each shareholder of the Company (whose name is recorded in the register of members and records of the depository as member of the Company, on the record date) 1 equity share of Rs. 10/- (Indian Rupee Ten) each of the Resulting Company, credited as fully paid up, for every 1 equity share of Rs. 10 (India Rupee Ten) each held by such shareholder in the Company. There shall be no cash considerations.

6. **Whether listing would be sought for the resulting entity**

Yes, Post Demerger the Resulting Company will apply for Listing of Shares on both BSE Limited and the National Stock Exchange of India Limited which have nationwide terminals.

Thanking you,
Yours faithfully,
For KESORAM INDUSTRIES LIMITED

Gautam Ganguli
Company Secretary